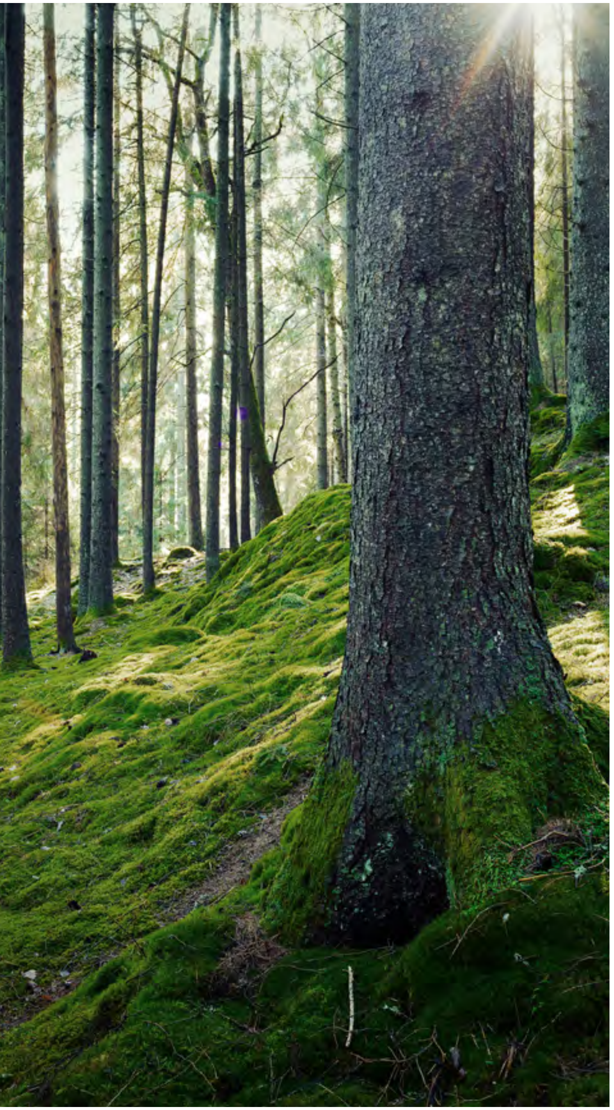
Increasing clients’ wealth sustainably as our mission

EVLI BANK PLC | ANNUAL REPORT 2019



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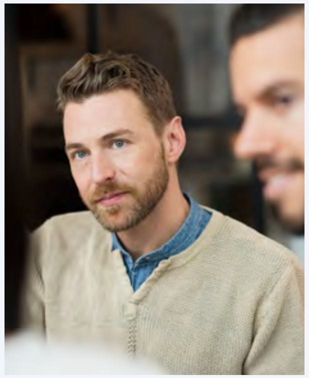
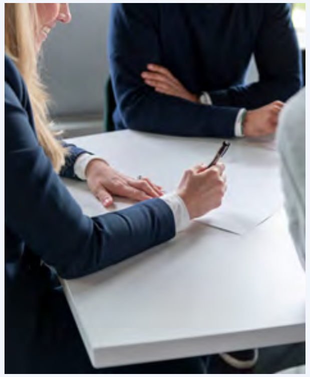


Responsibility

Financial review



Governance

EVLI IN BRIEF

A bank specializing in investments

Evli is a bank specialized in investments that helps institutions, corporations and private persons increase their wealth. The company's operations are divided into two segments, Wealth Management and Investor Clients, and Advisory and Corporate Clients, which are supported by the Group Operations. Finland accounts for the largest share of the company's revenue, while the other Nordic and European countries also are important market areas.

Net Revenue, M€

75.8

(2018: 68.5 M€)

Net Operating Profit, M€

24.1

(2018: 18.9 M€)

Net Commission Income, M€

72.2

(2018: 67.1 M€)

Personnel

249

(2018: 254)

Sales through Evli

Sales through co-operation partners

Branding reflects Evli's competitive advantage in different markets

Finland and Sweden

- Comprehensive Wealth Management and Investment Banking services.

Internationally

- Nordic fund management boutique for institutional investors.

Evli's operations are divided into two client segments

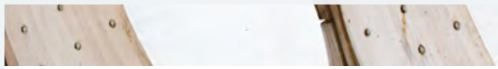
Wealth Management and Investor Clients

- Product and service offering
  - Private Banking and Evli Digital wealth management services
  - Institutional Asset Management
  - Public and private market funds
  - Capital Market services
- Finland's 4th largest Fund Management Company. Market share 7.7%
- Employs 154 investment specialists in Finland and Sweden
- Best and most used institutional asset manager in Finland*.

Advisory and Corporate Clients

- Product and service offering
  - Corporate Finance: Financial advisor in financial arrangements for listed and unlisted companies
  - Evli Awards Management: Incentive plan administration for listed and unlisted companies
  - Evli Research Partners: Research services to small and mid-sized listed companies
- Employs 44 investment specialists in Finland and Sweden.

*KANTAR SIFO Prospera External Asset Management Finland 2015, 2016, 2017, 2018, 2019 and SFR Institutional Asset Management 2015, 2016, 2017,2018 -surveys.



CEO'S REVIEW

Strong development in all business areas

The year 2019 was successful for Evli in all of its key business areas, and we achieved better earnings than we had anticipated in the first half of the year. We also achieved good results in our strategic focus areas, development and sales of alternative investment products, international fund sales, and customer experience and operational efficiency projects.

There was stable development in Evli's business already in the first three quarters of the year, but the final quarter was especially strong as the turnover of both of Evli's business segments grew and overall development in the equity and bond markets was favorable. Our financial performance exceeded our expectations, and we revised our earnings outlook upwards twice during the year. Full-year figures show a clear improvement from the previous year: Group operating income increased by eleven percent to EUR 75.8 million and operating profit by 28 percent to EUR 24.1 million. The ratio of recurring revenue to operating costs, an important measure of operating stability and predictability for us, reached 124 percent at the end of the year, well above our 100 percent target.

In 2019, client assets under management exceeded the EUR 14 billion mark for the first time, and at the end of the year they were at a record EUR 14.3 billion, 25 percent higher than at the end of last year. Our fund fees also increased eleven percent to EUR 45 million. The growth in client assets under management has been supported by our success in independent asset management researches. Examples include both KANTAR SIFO Prospera's "External Asset Management Finland" -survey and "Private Banking 2019 Finland" -survey, in which Evli was selected best in Finland.

The invoicing of our Corporate Finance business and our brokerage fees also exceeded the previous year's level. A significant change, in line with our goals, was that in brokerage the service was increasingly focused on executing the orders of our own funds and asset management rather than those of external clients. We have systematically developed the operations of our brokerage unit so that it can execute these orders and report on them as effectively as possible, freeing up our portfolio managers' time for actual portfolio management.

Half of net subscriptions from outside of Finland

In order to expand our growth potential, we decided a couple of years ago to focus our growth efforts on selling selected fund products to international institutional investors and offering new alternative investment products to investors in Finland.

Our international fund sales performed well during the year and grew to nearly EUR 2.8 billion. Of our total fund net subscriptions of approximately EUR 960 million in 2019, about half came from outside of Finland, mainly from Europe. Net subscriptions from Finland, on the other hand, were nearly equally divided between direct sales and subscriptions through asset management mandates.

Importance of alternative investment products increased

In Finland, our key growth area is alternative investment products. These products help us improve the return potential of our clients' asset management portfolios and broaden their diversification. Alternative investment products are of interest to us also because they have a higher fee level than conventional funds, which improves our overall profitability.

The total investment assets of alternative investment products nearly tripled during 2019 to close to EUR 870 million at the end of the year. About EUR 270 million of the growth came from the acquisition of the business of Ab Kelonia Placering Oy, which focuses on private equity fund investment. Under the agreement, signed at the end of 2018, the management of private equity investments in Kelonia was transferred to Evli in the second quarter of 2019.

Exceeding ten percent of our total fund fees in 2019, commissions from alternative investment products have in a short time become an important source of commission income for Evli. We expect that in the prevalent low interest rate conditions, their weight will continue to increase.

Streamlining of operations continued

Our strategy-driven work to streamline our investment processes continued in 2019. We successfully completed a major overhaul of the system framework, which concerned our asset management operations in particular, which has allowed us to simplify our internal processes.

Another measure that significantly improved our operating efficiency was the transfer of the custody of our funds to Skandinaviska Enskilda Banken which was started in June 2019 and completed at the beginning of 2020. This solution, which is in line with international practice, also improves our ability to sell our funds outside of Finland.

At the end of the summer, Evli conducted statutory personnel negotiations in the Group's administrative and support functions. As a result of the negotiations, the number of employees in these functions was reduced by nine persons and Evli offered 14 persons new job descriptions. Due to these and a number of smaller measures, we again significantly improved our operational efficiency.

Passive investment trend intensifying

One of the significant current trends in our industry is the increase in passive investment. The popularity of passive index funds has increased rapidly as studies have shown that actively managed funds have provided lower average returns, owing, among other things, to their higher fees. The best active funds have, however, produced significantly higher returns than passive funds.

This development signifies a considerable change in our industry and will force investment firms to decide whether they believe they can provide added value through active portfolio management or whether they need to look for alternative approaches.

Sustainable competitive advantage through product and service development

Due to our successful strategic choices, we have maintained our good position in a rapidly changing market. A significant portion of our client assets under management invested in conventional instruments is invested in corporate bonds where, in the short to medium term, we do not see passive solutions as real alternatives due to the complexity of corporate bond investments and markets.

In addition, we have taken quick and decisive action to develop our expertise in alternative investment instruments and have built a new alternative fund product line alongside our traditional active funds. The new products and services we have brought to the market over the past two years, already represent about ten percent of our revenue, which demonstrates the effectiveness of our product development.

Although active investment will continue to decline in relation to passive investment, we believe in the potential of well-managed active funds. We provide our clients with high-quality active fund options and refuse to compromise when it comes to ensuring that the long-term return of each one of them is at the top of the fund class.

However, high-quality products alone are not enough to build a sustainable competitive advantage. We operate in the service industry and our ability to understand and respond to our clients' situations and needs is critical to us. We will continue our determined work to create a unique customer experience.

Despite the many forces of change in our operating environment and growing competition, we estimate that by continuing to invest in our strategic focus areas, the operating profit for 2020 will be clearly positive.

I want to thank our clients and shareholders for their trust and our employees for their hard and successful work in 2019.

Maunu Lehtimäki
CEO

HIGHLIGHTS OF 2019

Client assets under management increased to EUR 14.3 billion

"Evli's net subscriptions in 2019 amounted to merely EUR 960 million, of which about half came from outside of Finland, mainly from Europe. Evli's fund capital increased to EUR 9.6 billion and market share grew to 7.7 percent, making Evli Finland's 4th largest fund management company."

05/2019

More focus on climate change in Evli's investments

Climate change and related issues rose to an even higher priority in Evli's investments as the Principles for Climate Change were published.

> Read more: www.evli.com

06/2019

Best Institutional Asset Manager in Finland for the 5th year in a row

For the fifth consecutive year, Evli was ranked as the best institutional asset manager in the KANTAR SIFO Prospera "External Asset Management Finland 2019" -survey

> Read more: www.evli.com

“The total investment assets of alternative investment products nearly tripled during 2019 to EUR 869 million at the end of the year. In 2019 the fund fees from alternative investment products exceeded ten percent of total fund fees.”

10/2019

Evli Corporate Bond fund 20 years

Evli Corporate Bond fund has been successfully managed by fund manager Mikael Lundström since 1999. The fund's strategy aims to achieve a high risk-adjusted return over a broad investment universe, combining European Investment Grade, European High Yield and Nordic unrated bonds.

> Read more: www.evli.com

10/2019

Evli Fund Management Company 30 years

Evli established its first mutual fund, Evli Select, on October 16, 1989. In 30 years Evli Fund Management Company has grown to become Finland's 4th largest fund management company. Today Evli offers more than 30 traditional mutual funds and alternative investment products to investors.

> Read more: www.evli.com

11/2019

Best Finnish Private Bank

In the KANTAR SIFO Prospera “Private Banking 2019 Finland” -survey Evli was awarded best in Finland in overall performance. In the interview survey, over 500 investors rated asset managers using 13 quality criteria.

> Read more: www.evli.com

BUSINESS MODEL

Added value with stable earnings development

Resources

Personnel
- 249 investment specialists.

Offices and distribution network
- 3 offices; Helsinki, Turku and Stockholm
- 7 tied agents
- Distribution through partners and own offices in 12 countries.

Intangible assets
- Products and services
- Brand
- Client relationships
- Social network: partners, distribution network and community relations.

Financial resources
- Balance sheet EUR 923.2 million
- Equity EUR 81.8 million
- Assets under Management EUR 14.3 billion
- Net revenue EUR 75.8 million.

Processes
- Product development
- Sales processes
- Utilization of automation, artificial intelligence and robotization
- Personnel management.

Mission
Increasing clients' wealth sustainably according to their individual targets.

Vision
Clients perceive Evli Simply Unique by offering high quality services and unique customer experience.

Business Areas

Wealth Management and Investor Clients
Wealth management services, mutual funds, various capital market services and alternative investment products to private persons, corporations and institutions.

Private persons and institutions

Corporations

Advisory and Corporate Clients
Corporate advisory services as well as incentive program administration and investment research for companies of different sizes.

Business Processes

Self-developed products and services

Individual service combining traditional and digital service models and channels

Perseverance and goal orientation

Stewardship thinking and responsible operations

Comprehensive support functions and controls including IT, financial administration, back-office, communication, law and compliance

Strategy
More information on pages 12-15.

Values
Entrepreneurship, valuable relationships, learning, integrity

Added value and impacts

Clients
- Products and services that correspond to clients' needs and goals
- Opportunity to tailor service solutions
- Professional and competent service
- Responsible investments.

Personnel
- 249 investment specialists
- Salary and bonuses EUR 24.2 million
- Pension expenses EUR 4.1 million
- Personnel training EUR 0.3 million.

Owners and investors
- Dividend proposal EUR 0.66/share
- Equity/share EUR 3.40
- Stable development
- Responsible investment.

Society
- Investments EUR 5.9 million
- Paid taxes EUR 4.9 million
- Collaboration, support and sponsorship with universities, entrepreneurs as well as sports and culture.

MEGATRENDS

Changing operating environment

The financial sector is in the midst of an enormous transformation driven foremost by technological development and the changes in clients' needs. Changes in the operating and competitive environment, increasing regulation and societal developments also play a role and contribute to the shift. All of these factors impact the possibilities of the financial sector companies to meet their clients' needs through financial services produced efficiently and profitably.

	MEGATRENDS	CLIENT NEEDS	OPPORTUNITIES FOR EVLI	CHALLENGES FOR EVLI
Digitalization	Digitalization makes it possible to provide services in a wider geographical area. Digitalization also generates new competition across sectorial boundaries. Clients can be served in a more cost-effective and personalized way and increasingly using artificial intelligence and robotics.	Clients want to invest regardless of time and place. Clients demand smoother and more personalized service solutions that seamlessly integrate the ease and speed of technology and the individuality brought by personal service.	Develop Evli's service models and processes even more digitally to provide integrated service packages and new service models, as well as make internal processes more efficient. Opportunity to serve new market areas and offer alternative investment products.	Invest in those development areas that will have a significant impact on the operating environment in the future. For example, the growing popularity of passive investments is challenging active portfolio management to show how it creates added value to clients. New service solutions and distribution channels offered by new competitors.
Regulation	Regulatory and reporting requirements in the financial sector have increased strongly over the past decade and will continue to increase.	From the client's point of view, tighter regulation improves consumer protection, and contributes to more transparent procedures.	The agility of a medium-sized operator to respond fast to changes and the resources to act according to new requirements, among others, developing information systems and educating the personnel to meet regulatory requirements.	Additional resource requirements as a consequence of the increasing regulation and the impact of unforeseen regulation.
Responsibility	The importance of responsibility in investment operations will increase further, as concerns about the environment and the future grow within the population.	Clients increasingly demand that responsibility is taken into account in investment operations and seek investment and asset management solutions that integrate environmental, social and corporate governance issues (ESG). In addition, companies need to operate responsibly and communicate transparently and openly.	Integrating responsibility in investment activities offers competitive advantages and growth opportunities. In addition, new reporting practices and more transparent client communication support responsible operations.	Integrate responsibility into all business areas in a more innovative way and with regards to international business operations.
Aging population	The financial sector is challenged by social change, such as population aging and the ability to use digital services.	Increased need for investment products and services that take into account individual needs and to safeguard the standard of living and well-being at retirement.	Opportunity to grow the client base and sales by offering customized product and service solutions through both traditional and digital channels.	Developing the right product and service solutions that meet the demands and goals of different generations.

STRATEGY

Preserve and grow clients´ wealth in a sustainable way

Evli's target is to be a growing and profitable bank specialized in investments, which consolidates its position as a leading asset manager in Finland and engages in expanding international operations. The cornerstones of growth are the development of new products and services, as well as the creation of unique customer experiences, the utilization of digitalization and the integration of responsibility in day to day operations.

International growth with carefully selected fund products

Evli has successfully established itself as a leading asset manager among Finnish affluent private individuals and institutions and one of the biggest fund houses in the country. The aim is to further strengthen the position as a leading asset manager. Given the substantial share of the domestic market and the small size of the market, international growth is a natural objective for Evli.

Evli is excellently placed where international sales are concerned, and the image of a high-quality Nordic fund management boutique is of interest to foreign investors. Particularly in Central Europe, Evli benefits from the image of reliability and transparency associated with Nordic countries. Compared with large international fund houses, Evli's relatively smaller size enables agility and more personalized service. Evli leverages its competitive advantage by focusing on increasing the international sales of selected funds to institutional investors through carefully selected partners.

Alternative investment products at the heart of product development

In addition to international growth, an important strategic priority is the expansion of the product and service offering to private individuals and institutions. The cornerstone of expanding the product and service portfolio is the continued development of alternative investment products. Evli offers Finnish investors, and in the future also international clients, several alternative investment products. The

> Evli's Vision is to be perceived by clients as Simply Unique by offering high-quality services and a unique customer experience.

aim is to turn the asset class into a considerable source of revenue.

In addition, the service concept to corporations based on the creation of a unique system geared to increasing shareholder value is constantly being further developed. Companies are offered both corporate advice and services related to M&A activity, as well as management of incentive plans and corporate analyses. The aim is to increase sales of these services in Finland and Sweden.

Creating a superior customer experience

Evli's Vision is to be perceived by clients as Simply Unique by offering high-quality services and a unique customer experience. The aim of the development of product and service concepts is to offer clients more flexible products and services that take responsibility as well as individual needs and requirements into account. The key products and services consist of innovative institutional level products and services and a sound corporate culture which is based on Evli's values; entrepreneurship, valuable relationships, integrity and learning. These values and Evli's Ethical Code of Conduct serve as the guiding principles in the management of client relationships.

Added value through digitalization

Evli's business environment is increasingly becoming digital, and as part of this change, clients are increasingly seeking digital investment service solutions. Evli invests strongly in the development of digital services alongside traditional service models. Improving efficiency is also critical for the company's success in a digitalized business environment.

Process automation, software robotics and artificial intelligence have an increasingly important role in the daily activities of the investment services industry. They also have a direct impact on client experience in the form of the smooth performance of the services. To maintain its competitiveness, Evli increases its investments in digital services and automation of its practices.

Evli's ability to integrate responsibility into its entire business and create value through responsible operations is also essential to value creation. More about Evli's corporate responsibility on pages 16-41.

Increasing clients' wealth sustainably

LEADING NORDIC WEALTH MANAGER

GROWTH TARGETS

Return on Equity
Net Fee Income
Recurring Revenue to Operational Costs
Assets under Management

STRATEGY FOCUS AREAS

Clients	Offering	Responsibility	Digitalization
Increasing the client base in Finland and internationally	Alternative investment products to private clients and institutions	Responsible products and services	New digital investment solutions and service models
Perceived as "Simply Unique" by clients	Development of the integrated corporate service model to corporate clients	Positive influence on society and the environment	Utilization of process automation, software robotics and artificial intelligence

MEGATRENDS

Globalization
Increased competition
Blurring industry boundaries
Empowerment of customer

Business environment
Consolidation
Increased regulation and control

Societal transitions
Aging of the population
Digital natives

Responsibility
Ethical business
Sustainability
Transparency
Climate change

Digitalization
Artificial Intelligence
Robotization
Big data
Cyber risks

Strategy in action

CORNERSTONES OF THE STRATEGY

Clients
- Increasing the client base in Finland and internationally
- Perceived as "Simply Unique" by clients.

Offering
- Alternative investment products to private clients and institutions
- Development of the integrated corporate service model to corporate clients.

Responsibility
- Responsible products and services
- Positive influence on society and the environment.

Digitalization
- New digital investment solutions and service models
- Utilization of process automation, software robotics and artificial intelligence.

2019 OUTCOMES

Clients
- Finland's largest fund net subscriptions of 0.9 billion (2018: EUR 0.5 billion)
- Total Assets under Management EUR 14.3 billion (2018: EUR 11.4 billion)
- International Assets under Management increased 47 percent to EUR 2.8 billion (2018: EUR 1.9 billion)
- Finland's best and most widely used institutional asset manager*.

Offering
- Assets under management in alternative investment products EUR 869 million (2018: EUR 349 million)
- New private equity funds Evli Private Equity I and II
- New Evli Target Maturity Nordic Bond 2023 mutual fund.

Responsibility
- The Principles for Climate Change published
- Public reporting on the carbon footprint of the funds started
- Systematic independent engaging and collaborative engagement with companies
- Personnel development to meet the requirements in the changing digital environment
- Business operations developed favorably and dividend increased by 17%.

Digitalization
- Continued development of the My Evli online service
- Outsourcing of custody of Evli's funds to ensure the operational model better meets the requirements of international clients
- Overhaul of the system framework to simplify internal processes.

TARGETS 2020

International growth
- Deepen the presence in current markets
- Expands the customer base
- Best and most used asset manager in Finland.

Offering
- Expand the product offering by introducing 1-3 new private equity funds
- Launch a product for impact investing
- Introduce 2-4 new traditional mutual funds.

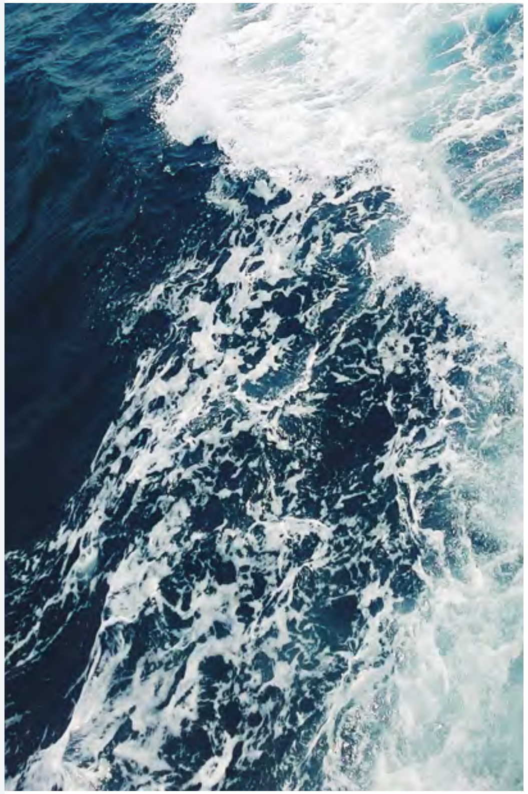
Responsibility
- Improve ESG reporting and deepen ESG integration in portfolio management
- Launch new responsibility funds
- Set climate targets
- Further improving the diversity of personnel
- Increasing transparency in investor communications.

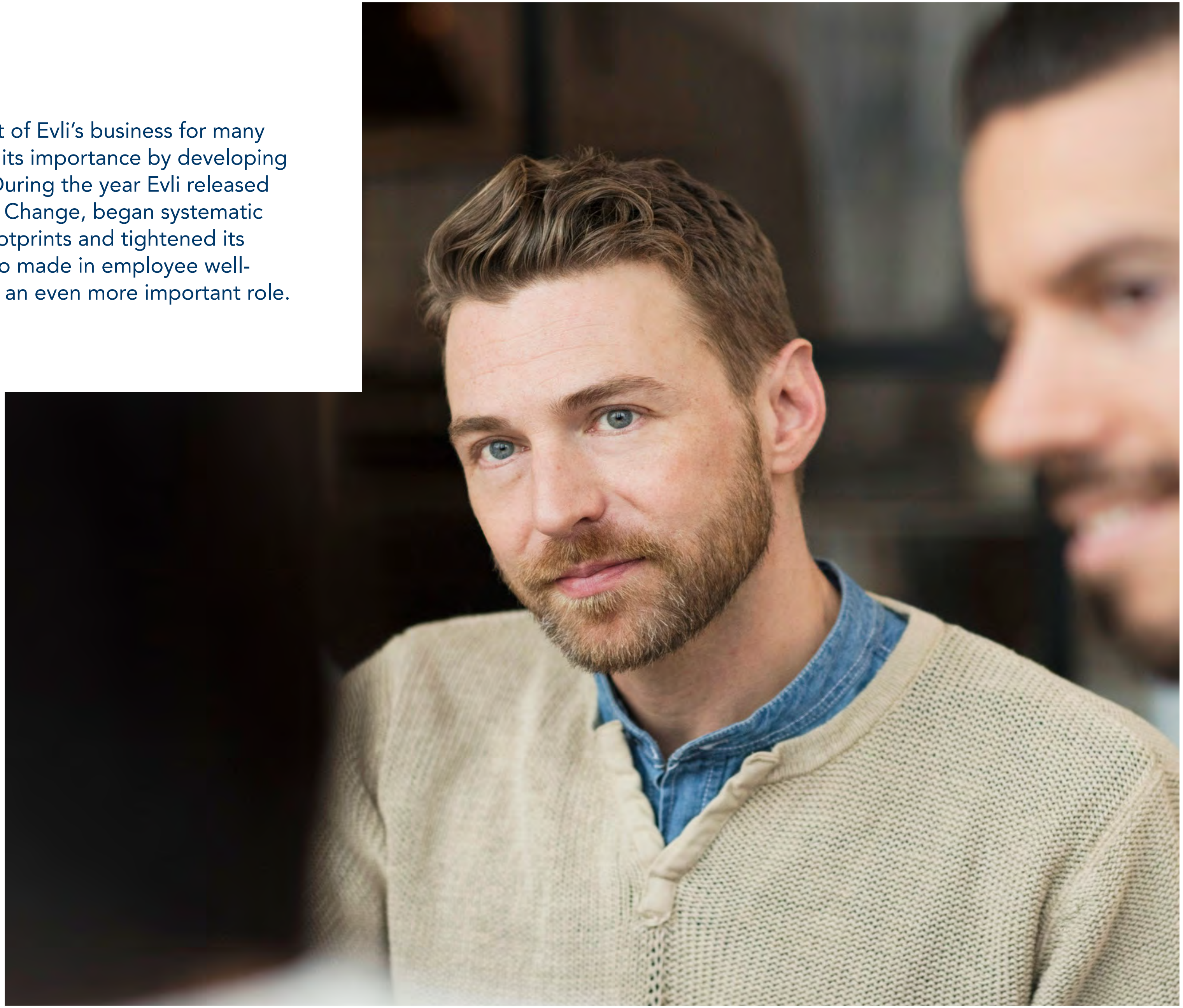
Digitalization
- New version of the My Evli online service launched
- Development of internal processes
- New operating model for fund publications
- Process developments to support the strategic focus areas.

*KANTAR Sifo Prospera External Asset Management Finland 2015, 2016, 2017, 2018 and 2019.

Responsibility

Responsibility has been an integral part of Evli's business for many years. In 2019, Evli further emphasized its importance by developing responsible operations more actively. During the year Evli released among others its Principles for Climate Change, began systematic public reporting of its funds' carbon footprints and tightened its exclusion criteria. Investments were also made in employee well-being and recruitment diversity rose to an even more important role.





Responsibility at the core of strategy

Responsibility built on Evli's values and transparency

Evli's business is based on understanding its clients' needs. The company's primary responsibility is to increase its clients' wealth responsibly based on the clients' individual goals. Evli's client relationships are long and based on mutual trust and ethically sustainable business.

Evli's business opportunities and the development of its operations depend not only on its clients' trust, but also the trust of its employees, owners, investors, co-operation partners and society. To maintain and strengthen this trust, Evli must be proactive, transparent, highly ethical and responsible in all its operations.

Responsibility is based on Evli's values: entrepreneurship, valuable relationships, integrity and continuous learning. These values also form the foundation for the ethical principles which direct the actions of Evli and its employees and which guide the company's relationship with its clients and other stakeholders.

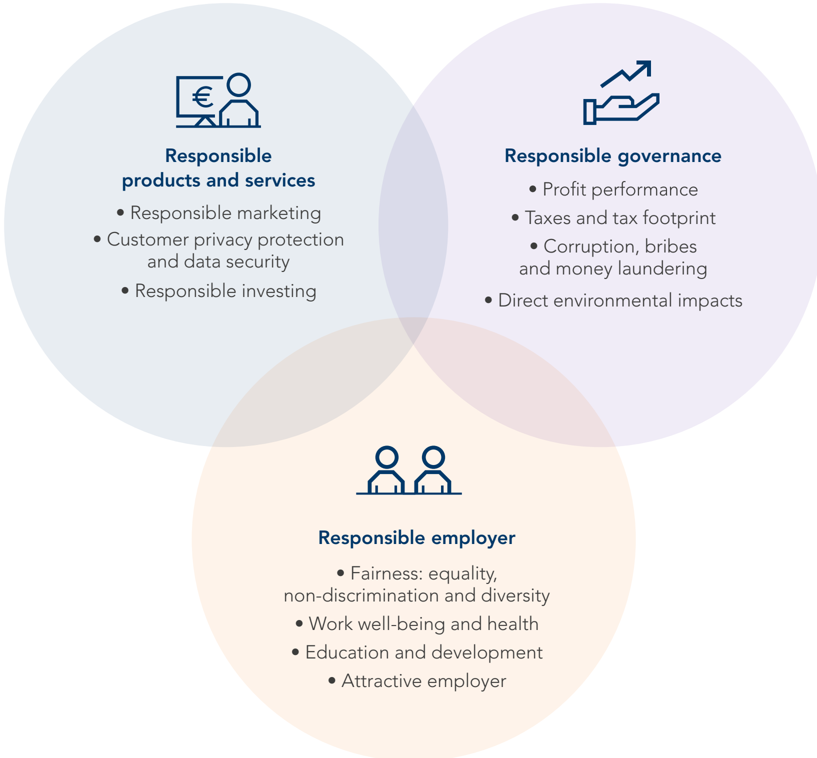
Evli seeks to be a responsible member of society and is committed to taking into account both the direct and indirect environmental impacts of its operations. Because corporate responsibility is part of Evli's everyday business operations, its annual report includes a corporate responsibility report. The responsibility section includes detailed information on how responsibility has been integrated into business operations and what indicators have been deemed essential for measuring Evli's responsibility.

Responsibility report based on stakeholders' expectations

(GRI 102-46: Entities included in the consolidated financial statements, GRI 102-47: List of material topics, GRI 103-1: Explanation of the material topic and its boundary)

At Evli, responsibility means financial, social and environmental responsibility in a broad sense. In 2018 Evli conducted its first materiality analysis in order for the responsibility report and future priorities to correspond to the expectations of stakeholders and focus on matters that are relevant to the company. Based on this, respon-

Responsible business supports the company's value creation



sibility at Evli is divided into three areas, which covers eleven material topics.

The materiality analysis considers the importance of the issues raised to stakeholders and Evli's business. Based on the analysis, the issues were divided into three groups. These groups take into account Evli's ability to develop and advance them as well as which areas are primarily related to compliance with statutory laws and regulations.

- **Highly important areas of responsibility** are largely voluntary for Evli, and the company can decide the extent to which these issues are developed. Evli has identified these areas of responsibility as significant in order to ensure future competitiveness and to create added value for its stakeholders in the long-term.
- **Important areas of responsibility** are partly determined by laws and regulations. However, Evli can determine to what extent it further develops and improves these areas of responsibility to be a more responsible company and meet the expectations of stakeholders now and in the future.
- **The statutory laws and regulations** are directly linked to the confidence of stakeholders in Evli and its business. These areas of responsibility are always managed in accordance with current legislation and regulatory requirements.

As a result of the materiality analysis, Evli recognized, among other things, that in improving responsibility and with regard to environmental impacts, the single most important factor in Evli's operations is the responsibility of the company's investment operations and taking this into account in the product and service range.

RESPONSIBILITY THEMES	RELEVANT RESPONSIBILITY SUBJECTS	SIGNIFICANCE TO BUSINESS OPERATIONS AND STAKEHOLDERS	CALCULATION PARAMETERS
Responsible products and services	Responsible marketing	Important	Own operations
	Customer privacy protection and data security	Statutory laws and regulations	Own operations
	Responsible investing	Highly important	Own operations - Responsibility of wealth management investment
Responsible governance	Profit performance	Highly important	Own operations
	Taxes and tax footprint	Statutory laws and regulations	Own operations
	Corruption, bribes and money laundering	Statutory laws and regulations	Own operations
	Direct environmental impacts	Important	Own operations (Helsinki office)
Responsible employer	Fairness: equality, non-discrimination and diversity	Highly important	Own operations
	Work well-being and health	Important	Own operations (Helsinki office)
	Education and development	Important	Own operations (Helsinki office)
	Attractive employer	Highly important	Own operations

Continuous dialogue with stakeholders

(GRI 102-40: List of stakeholder groups, GRI 102-43: Approach to stakeholder engagement, GRI 102-44: Key topics and concerns raised)

Active and open dialogue with the principal stakeholders helps Evli to identify the areas of its operations that should be prioritized and developed. Regular discussions with different stakeholders form a foundation for understanding their views and needs. Correspondingly, it is important to tell stakeholders about the company's goals, execution policies, values and changes in the operating environment. This helps create a common understanding and trust concerning business operations and factors that influence it. The Evli's principal stakeholders are its clients, personnel, shareholders, investors, the authorities, partners and media.

STAKEHOLDERS	STAKEHOLDER'S EXPECTATIONS	CHANNELS	EVLI'S ACTIONS IN 2019
Clients	• Competitive products and services • Useful auxiliary and advisory services • Reliability, data protection • Service channels that meet needs • Responsible operations	• Questionnaires and client feedback • Websites • Client meetings and events • Emails, newsletters and phone calls	• Alternative investment products were developed, and new products launched • The principles of responsible investment were expanded to include real estate and private equity investments • Internal processes were developed to improve operational efficiency and improve customer service • Operations were developed based on customer feedback
Personnel	• Fair treatment and open interaction • Job stability and competitive pay • Opportunities for professional development • Occupational health and well-being	• Intranet and HR personnel system • Occupational healthcare • Performance reviews and training events • Personnel satisfaction survey and other internal surveys • Personnel events	• The expertise of the employees was developed • Team leaders were offered support in developing managerial work • Operations were developed based on personnel surveys • Occupational health and well-being events were organized • The recruitment process and trainee program were developed
Shareholders and investors	• Creating long-term value • Profit performance • Dividend and good return on equity • Capital adequacy • Responsible operations	• Interim and half-year reports, financial statements bulletins, annual report • Corporate Governance Statement • Stock exchange and press releases • Annual General Meeting, Investor and analyst meetings • www.evli.com	• Evli continued to implement its strategy for 2017 • Operations were developed to create long-term stable financial performance • Economic, social and environmental aspects were taken into account in operations
Partners (including agents and distributors)	• Fair and equal treatment • Competitive products and services • Reliability and capital adequacy • Two-way communications	• www.evli.com • Meetings and training • Emails and phone calls	• Information about products and services • Operations were developed based on the feedback received • Open communication and continuous dialogue
The authorities	• Compliance with laws and regulations, integration of sustainable development with operations • Open, transparent and reliable reporting • Continuous interaction	• Phone calls and emails • Participation in events and training	• Compliance with new laws, regulations and provisions and developing business operations to adapt to changes in the operating environment • Open communication and continuous dialogue
Media and journalists	• Relevant, reliable and open communications • Expertise	• Press and stock exchange releases • Press events and interviews • www.evli.com and social media channels • Morning reviews, newsletters, emails and phone calls	• Multi-channel communication on topical matters • Prompt replies to inquiries and interview requests from the media • Regular media meetings
Local communities	• Employment opportunities • Co-operation with universities • Support to communities and co-operation with businesses	• Meetings, events and seminars • www.evli.com and social media channels	• Activities of the universities were supported • Summer employments and the trainee program were developed • Continued co-operation with entrepreneurial organizations to support entrepreneurship • Continued support for sports and cultural activities in Finland

RESPONSIBILITY

Responsible products and services

Evli's key principle is to offer products and services that meet its clients' needs and goals. In selling products and services, Evli focuses on ensuring that clients understand the product or service they are buying and the associated risks as well as ensuring that the product or service suits the clients' investment goals.

Responsible marketing based on integrity, clarity and transparency

Evli's mission is to increase clients' wealth sustainably according to their individual targets and its vision is to ensure that it is perceived as "Simply Unique" by offering high-quality services and a unique customer experience 24/7. Trust plays a key role in order to achieve the company's mission and vision. To earn and maintain trust, the products and services are explained honestly and in accordance with valid legislation. Responsibility is emphasized in the communication and marketing of products and services by being transparent, professional and clear.

Evli's operations are based on the Stewardship philosophy*, which means the client's best interest always comes first. In Evli, Stewardship means that the client's assets are managed as if they were Evli's own. The cornerstone of this kind of operation is that Evli knows its clients and becomes familiar with their business and financial situation as required by the client relationship. This enables Evli to offer every client products and services that fit their needs and goals and to ensure that clients truly understand the product or service they are buying.

Transparent products and services that promote clients' needs improve client satisfaction. Client feedback in Private Banking and Institutional asset management is continuously monitored. By continuously measuring client satisfaction, Evli wants to identify issues that clients consider relevant, develop them and quickly react to problems. Client satisfaction is electronically measured after a meeting with a Private Banking or an Institutional client. In the survey, the client and the asset manager assess the success of the client meeting and the service experience. Problems are addressed immediately. Client satisfaction is reported weekly on the unit level and quarterly to the Executive Group. In addition to Evli's internal client satisfaction surveys, Evli takes part in annual surveys conducted by external parties concerning asset management.

*Stewardship is rooted in the Middle Ages and based on the idea of a steward managing an owner's property as if it was his own while the owner is away.

Results and priorities for 2019

- Evli's customer satisfaction remained at the previous years' high level and averaged 4.6 (2018: 4.6) on a scale from 1-5.
- Evli was ranked the best and most widely used institutional asset manager in Finland for the fifth consecutive year*. In these surveys, Evli was especially praised for the results of its investment operations, its stability and resources, its expertise in responsible investment and its client service.
- Evli's Private Banking was awarded Best in Finland**.
- To improve customer experience, Evli continued to streamline its operations and reorganize work. Evli also invested in system upgrades and the development of new products and services. The purpose of the changes is to develop operations to better meet the changing needs of clients.

Protection of client data plays an even more important role

(GRI 418-1: Number of legitimate complaints about customer privacy violation and customer loss)

In Evli's operations, particular attention is devoted to data protection and the safeguarding of the client's privacy protection in the processing of personal data. Personal data is processed in compliance with the EU's General Data Protection Regulation (GDPR) and specific legislation for the financial industry. In addition, Evli always ensures that privacy and bank secrecy are observed in processing personal data. Personal data is used for taking care of client relationships, offering products and services, direct marketing and risk management. Evli is committed to processing personal data in accordance with the laws, appropriately and transparently.

Evli Group has several person registers for managing personal data, each of which has a separate data protection notice.

Data security is improved on a continual basis to ensure that it meets the requirements of the authorities, clients and the changing operating environment. In recent years, Evli has among others improved cybersecurity and developed the data protection of its own electronic channels.

Results and priorities for 2019

- Several security training events on topical issues were offered to the personnel. New employees were trained with regard to Evli's data protection and digital security.
- An electronic data security review was regularly sent to employees, highlighting topical data security issues in Evli's operating environment.

Responsible investment systematically integrated into portfolio management

At Evli, responsible investment means that factors associated with the environment, society and good governance are integrated into portfolio management. Evli believes that incorporating responsibility considerations into investment decisions increases the understanding of the investments and the related risks and opportunities more than by simply analyzing the current financial situation.

Reporting on responsible investment

At Evli, responsibility factors have been integrated into the investment operations of Wealth Management, which means that responsibility is systematically considered in portfolio management. In practice, this is done with the help of the internal ESG*** database which is based on responsibility data produced by MSCI ESG Research. The purpose of the ESG database is to provide portfolio managers with easy access to ESG data when making equity and fixed-income investments. For instance, portfolio managers can search for the following information on a company: responsibility assessments (so-called ESG scores), data on controversial activities' contribution to revenue, and any ESG violations.

The ESG database is also used for reporting purposes. Evli publishes public ESG reports on all of its equity and corporate bond funds. This means that anyone can check the responsibility of Evli's investments.

*KANTAR SIFO Prospera "External Asset Management 2019 Finland" -survey.
**KANTAR SIFO Prospera "Private Banking 2019 Finland" -survey.
***ESG=Environmental, Social and Governance.

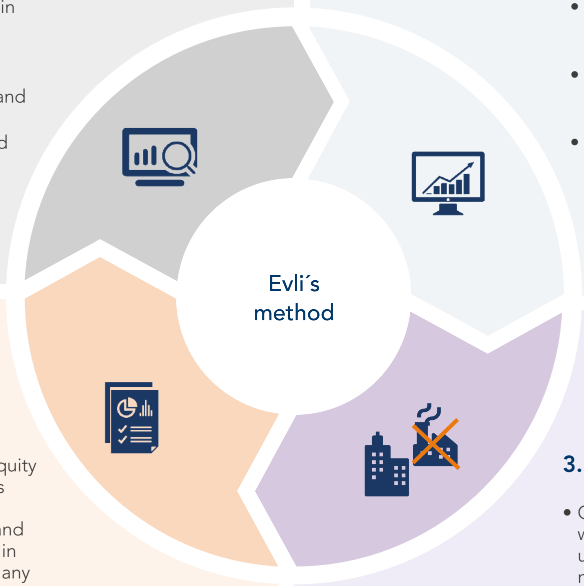
ESG strategy

1. Analysis

- Evli has ESG data on 6,500 companies in an internal database.
- Each fund gets an ESG score that is calculated on the basis of individual companies' responsibility evaluations and the MSCI database.
- 77% of funds have a very good or good ESG score.

2. Monitoring and engagement

- The database contains information on adherence to international norms for 8,500 companies.
- Evli monitors its funds' investments to make sure that the companies follow the principles of the United Nations Global Compact.
- The purpose of engagement with several companies is to change companies' practices so that they become more responsible.



3. Exclusion

- Companies manufacturing controversial weapons (land mines, cluster bombs, depleted uranium, chemical and biological as well as nuclear weapons) are automatically excluded.
- It is also possible to exclude companies that violate ESG principles and that are not prepared to change their operations.

4. Reporting

- Quarterly ESG reports on all of Evli's equity and corporate bond funds. The reports contain the funds' responsibility score, investments' ESG rating distributions and the UN Global Compact classification, in other words whether the funds breach any norms.
- Evli's responsible investment annual report that is published once a year.

More responsible practices through engagement

Evli analyzes its active equity and corporate bond funds and Wealth Management's direct investments at roughly three-month intervals for any UN Global Compact violations. The UN Global Compact is an international corporate social responsibility norm that requires companies to respect human rights, take action against corruption and consider environmental matters.

The norm violation monitoring is based on data from MSCI ESG Research, an external service provider, which in turn is based on reports and announcements from companies, news and data from non-governmental organizations. All norm violations associated with a fund are openly reported to clients in the funds' ESG reports.

Each norm violation initiates a predetermined process at Evli. Each case is first discussed with the portfolio manager who then explains his investment decision to the Responsible Investment Steering Group. In the case of a breach of norms, the steering group has three options:

1. Monitor the situation
2. Start engagement activities
3. Sell the holding.

Norm violations are usually far-reaching cases and it is challenging to gain independent information on them. Through Evli's monitoring of violations and discussions with companies involved in violations, Evli has discovered that the companies' assessment and opinion of the cases may differ substantially from those of other parties. Likewise, even if a multinational organization, such as the OECD, absolves a company regarding a suspected violation of a norm, this does not necessarily mean that the company will be removed from the list of violating companies kept by MSCI ESG Research. For these reasons Evli considers it vital to actively monitor suspected violations in its own funds and to discuss them with portfolio managers and the company in question and in Evli's Responsible Investment Steering Group.

Engagement operations usually concern environmental issues, human rights, workers' rights, measures to mitigate climate change, reporting of responsibility factors and matters related to good corporate governance. Evli does not publicize the names of individual companies subjected to engagement measures as Evli believes the procedures are more effective when they take place as confidential discussions with the companies.

Results and priorities for 2019

- The Principles for Climate Change complementing Evli's Principles for Responsible Investment were published. The climate change principles specify Evli's work on climate change mitigation and provide systematic approaches to addressing climate change in investments. The climate change principles consist of four practices: 1) analyzing and monitoring greenhouse gas emissions from investments, 2) monitoring and excluding thermal coal and peat companies, 3) engaging with companies, and 4) Evli's own climate risk reporting.
- Evli began systematic public reporting of its funds' carbon footprints and the monitoring and exclusion of thermal coal and peat companies. Evli excludes companies that produce peat for energy production and avoids investing in companies where more than 30 percent of revenue comes from mining or using thermal coal for power generation.
- Evli decided to, in accordance with its climate changes principles, directly exclude five investments in its equity and bond funds, to start engaging with two companies and to monitor the measures three companies are taking to stay on track with their goals to reduce the use of thermal coal. At the end of 2019, Evli decided to exclude the thermal coal companies that were under engagement because it was unable to gain a clear picture of their plans to reduce the use of coal.
- Evli also started a report on the bank's climate risk reporting and, based on the TCFD* recommendations, drew up a separate report as part of its annual report. In August 2019, Evli also became an official supporter of the TCFD. Additional information on page 39-41.
- Nuclear weapons manufacturing was added to the excluded sectors, as a result of a study on customer exclusion criteria.
- Systematic engaging with companies continued, and Evli was in contact with 14 companies and excluded two companies based on severe suspicions of violations of international norms.
- Evli's representatives attended the annual general meetings of Cargotec, Caverion, Consti, Cramo, Detection Technology, DNA, Glaston, NoHo Partners, Oriola, Outokumpu, QT Group, Revenio Group, Sanoma, Talenom, Valmet, Verkkokauppa.com and VMP. The meetings were chosen based on their agenda and the asset management company's ability to influence decisions.
- In addition to independent engaging, Evli continued to participate in several collaborative engagement initiatives.
  - The objective of the Climate Action 100+ initiative is to engage with major greenhouse gas emitters between 2018 and 2022 to mitigate climate change and attain the targets of the Paris Agreement. At the end of 2019, the Climate Action 100+ initiative had 373 subscribing investors (2018: 310) with total investment assets of approximately USD 35 trillion (2018: USD 32 trillion). Evli has been part of the initiative since 2017. In 2019, a total of 161 companies, contributing 80 percent of global greenhouse gas emissions, were engaged through the initiative.
  - Evli was, for a third year in a row, a signatory in CDP-coordinated investor letters

*Task Force on Climate-related Financial Disclosures.

> Separate Principles on Climate Change were published in 2019 to complement Evli's Principles for Responsible Investment.

targeted at companies posing the greatest risks regarding climate change. The letters are a tool for investors to encourage companies to report on their operations and associated climate risks. In 2019, 88 investors contributed to the CDP's collaborative engagement (2018: 75). Letters were sent to a total of 508 companies (2018: 419), of which approximately 15 percent, or 78 companies (2018: 13%) indicated that they will report their climate impact to the CDP in the following year.
- Evli was part of the PRI's collaborative engagement activities, for the second year. The aim is to engage oil and gas sector companies to improve management of so-called transition risks that are associated with climate change. Transition risks are financial risks that are caused by the transition to a low-carbon economy. During 2019, a total of 28 oil and gas companies were engaged with through this PRI-led project.
- In November 2018, Evli and 415 other investors signed a letter addressed to governments, entitled Investor Agenda Statement to Governments on Climate Change. In 2019, 100 more investors joined the initiative. The letter encourages the governments of various countries to commit to measures to limit global warming to 1.5 degrees, to further the objectives of the Paris Agreement and to take active steps to reduce the use of coal in energy production.
- Evli joined two new collaborative engagement initiatives: PRI's collaborative engagement on the company Vale and PRI's Investor Statement on deforestation and forest fires in the Amazon, which calls for corporate action to curb the Amazon's forest fires.

- The ESG process for equity factor funds was developed by tightening the fund's exclusion criteria and adding a so-called best-in-class approach to the funds' investment processes where only companies with the highest ESG scores are selected from within each sector.
- Evli's Principles for Responsible Investment were expanded to include real estate and private equity funds and the engagement policy was updated.
- Portfolio managers' skills were developed by organizing a training on responsibility data and future legislation as well as going over the continuous development of responsible investment practices at Evli.
- Evli was ranked best in responsible investment for the third consecutive year in a survey directed at institutional investors and conducted by KANTAR Sifo Prospera.

It is vital for Evli to continuously develop its responsible investment practices and to listen to feedback from its clients and other stakeholders. Over the next few years, the goals include improving ESG reporting, deepening ESG integration in portfolio management, launching new sustainability funds and establishing climate targets.

CASE:

Outperformance through responsibility

In April 2019, **Tiina Landau** and **Hanna Silvola** published a book on responsibility and outperformance entitled Vastuullisuudesta ylituottoa sijoituksiin (Outperformance through responsibility), which provides a comprehensive explanation of responsible investment. The book contains research data, practical examples and tacit industry knowledge on responsible investment.

The book includes examples that were chosen to illustrate best practices in the field. Two examples of Finnish asset managers were highlighted in the book, and Evli was one of these. Evli's example looks at the responsibility of Evli's investment operations and how ESG* data is integrated into Evli's portfolio managers work. The book goes into detail about the ESG tool Evli built for portfolio managers and how it is used.

Evli's inclusion in the book supports the company's aim to communicate openly and transparently about responsibility. Trough the example in the book, Evli was able to present its practices to a wider public.

The authors of the book have extensive experience in responsible investment: Tiina Landau (M.Sc. (Econ.), CEFA) is a responsible investment professional whose work has been widely recognized internationally, and Hanna Silvola (D.Sc. (Econ.), Associate Professor) studies and teaches responsible investment at Hanken School of Economics in Helsinki and in management education programs.

*ESG=Environmental, Social and Governance.

RESPONSIBILITY

Responsible governance

Evli's operations are always based on good governance, legislation and official regulations. In addition, integrity and ethical operations are considered the foundation of sustainable business.

Profit performance forms the core of financial responsibility

(GRI 201-1: Direct economic value generated and distributed)

Financial responsibility is fundamental to Evli's operations. Financial responsibility means maintaining competitiveness, strong performance and good profit performance. These factors enable profitable growth and thus add value in the long-term to all key stakeholders: clients, society, personnel, and shareholders. Evli aims to improve profit performance by enhancing operating efficiency, innovating new products and service solutions and developing its core processes. A financially solid company can shoulder its responsibility for the environment, look after its personnel, meet its clients' needs and serve society.

Evli's goal is to increase the sales of its existing wealth management services, mutual funds and alternative investment products in Finland and to increase the international sales of selected mutual funds. The goal is also to bring new products and service solutions to the market, which will help to achieve a positive result development. In addition, Evli's aim is to enhance its operations in order to ensure the competitiveness of services and continuity of operations in the future.

Evli aims to be an interesting investment, both from the perspective of dividend income and increase in share value. Evli avoids unnecessary risks and concentrates on moderate, long-term growth and development. With responsible operations, Evli creates long-term value for the owners and improves the ability to react to the opportunities and risks arising from economic, social and environmental megatrends.

Results and priorities for 2019

- Evli Group's operating income increased nearly eleven percent to EUR 75.8 million. Growth in international sales and alternative investment products as well as strong domestic asset management product and service sales contributed positively to profit performance.
- Sales of alternative investment products almost tripled year on year and was EUR 869 million at the end of the year.
- International sales continued to grow. At the end of 2019, EUR 2.8 billion of the total fund capital of EUR 9.6 billion came from international clients.
- Evli continued its work to streamline investment processes and improve the customer experience. During the year Evli completed a major overhaul of the system framework, which has allowed simplification of internal processes. Another measure that improved operating efficiency was the transfer of custody of Evli's funds to Skandinaviska Enskilda Banken. This solution, in line with international practice, also improves the ability to sell Evli's funds outside of Finland.
- Evli paid its owners dividend of EUR 0.61 per share, representing 17 percent more than in the previous year.

Taxes are paid in accordance with local legislation in each country of operation

(GRI 201-1: Direct economic value generated and distributed)

Evli's head office is located in Finland. The company also has branch offices and subsidiaries in Sweden and the United Arab Emirates. In each country, Evli pays its taxes in accordance with local legislation. Evli is committed to ensuring that it complies with all statutory obligations and it discloses all required information to the relevant tax authorities and engages in an open discussion with them. Evli considers compliance with tax legislation an important part of its corporate responsibility.

Results and priorities for 2019

- Evli paid a total of EUR 4.9 million in taxes (2018: EUR 4.2 million).

Economic value generated and distributed 2019

INCOME DISTRIBUTION, M€	2019	2018	2017
Net interest income	0.3	0.7	0.9
Commission income and expense, net	72.2	67.1	65.2
Net income from securities transactions and foreign exchange dealing	3.2	0.7	4.9
Other operating income	0.1	0.1	0.4
Share of profits (losses) of associates	-0.6	2.6	0.6
Total Income	**75.2**	**71.2**	**72.0**
Personnel expenses	24.2	22.9	23.3
Other administrative expenses	14.0	15.9	15.1
Depreciation, amortization and write-down	3.5	2.1	2.3
Other operating expenses	3.7	0.9	1.4
Impairment losses on loans and other receivables	0.1	0.0	0.0
Society			
Taxes	4.9	4.2	4.3
Social security costs	1.4	1.2	1.4
Pension expenses	4.1	3.7	4.2
Equity holders of parent company	15.5	16.0	16.7
Non-controlling interest	1.4	1.3	0.8
Distribution of income	**72.8**	**68.2**	**69.5**

Corruption, bribes and money laundering not acceptable

(GRI 205-2: Communication and training about anti-corruption policies and procedures, GRI 205-3: Confirmed incidents of corruption and actions taken)

Evli does not accept corruption, bribery or any other illegal activity under any circumstances. Evli's ethical principles guide its personnel in this matter. For example, employees will not offer, demand or accept inappropriate gifts, trips or payments. Moreover, there is an internal guideline on hosting in the company's name and giving business gifts.

As a bank, Evli plays an important role in preventing money laundering and the funding of terrorism. For this purpose, Evli has clear operating instructions that apply to the entire personnel. In addition to statutory obligations, preventing money laundering is part of Evli's risk management and an important part of its business operations. Knowing the client is an integral part of the prevention of money laundering. Therefore, before a new client relationship is formed, the client's information is always analyzed as required by guidelines based on law. All personnel who have direct contact with clients must take part in annual training events on money laundering and knowing the customer. Evli has also adopted an active role in developing the regulation and good operating practices in the industry.

Evli provides an opportunity to report violations through the whistleblowing procedure. If an employee suspects that unethical activities have occurred or that someone has engaged in activities that violate the law, regulations, the authorities' instructions or the Evli Group's internal guidelines, a separate procedure is available with dedicated guidelines that the employee can follow to report the matter.

Results and priorities for 2019

- No cases of corruption, bribery or money laundering in the Evli's operations were reported.
- Training events were mainly concerned with the prevention of money laundering and the funding of terrorism.

Own operations help promote positive environmental action

(GRI 302-1: Energy consumption within the organization, GRI 302-4: Reduction of energy consumption)

Evli's own operations do not have significant immediate environmental impacts. The company's principal environmental impacts are related to its investment activities. However, the company is aware that it can promote positive environmental impacts through its own operations by reducing paper consumption, developing and improving digital services, and reducing air travel and the consumption of electricity.

It is also important for Evli to increase environmental awareness among its clients and employees and offer products and services that help to mitigate harmful environmental impacts. With the continuous development of digital transaction channels and utilizing the opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before.

In all purchases, Evli seeks to ensure the responsibility of the suppliers. The supplier's environmental responsibility is always a consideration in internal procurement concerning personnel needs, client premises, business gifts, office supplies and furniture. This means among others that business gifts are mainly procured by suppliers that manufacture products from recycled materials and in choosing office furniture durability is an important factor. The food offered on client premises is prepared when possible using local and organic products and food wastage is minimized.

Evli's head office in Helsinki has been part of WWF's Green Office since 2010 and the company's office in Helsinki has also been awarded the LEED* Gold certification, one of the world's best-known green building certificates. Evli is committed to reducing the energy consumption and CO_2 emissions of its offices and paying attention to the environmental impacts of waste and consumption of paper. Unnecessary travel is avoided by favoring telephone and video conferences. Air travel is monitored in comparison to revenue development. In addition, employees continuously strive to reduce their ecological footprint in their everyday work.

Results and priorities for 2019

- Evli continued the development of its website **www.evli.com** and the My Evli online service in order to among others reduce the amount of paper reporting.
- Evli's energy consumption increased by nine percent. Paper consumption was reduced by up to 160 percent mainly due to the termination of the printed client magazine. Air travel decreased 13 percent compared to 2018.

GOALS AND RESULTS OF GREEN OFFICE ACTIVITIES

	Objectives	2019	2018	2017
Energy consumption (kWh)	-5%/year	9%	-22%	-12%
Paper consumption	-5%/year	-160%	-13%	-9%
Air travel (kg CO_2)	Air travel, increase in relation to revenue	-13%	-4%	40%

*LEED=Leadership in Energy and Environmental Design.

RESPONSIBILITY

Responsible employer

Evli's success is based on the professional skill of its employees and their ability to create new solutions, added value for the benefit of the clients and serve them professionally. Evli believes that employee commitment and thriving at work is reinforced by creating a flexible, efficient and balanced work community, which is characterized by innovativeness and the capacity to change and achieve change.

To ensure that the best experts in the business will serve clients also in the future, Evli pays particular attention to employee development and motivation. In addition to competitive pay, personnel benefits include expert level occupational healthcare services and varied opportunities for developing skills.

Most of the personnel work in Finland

(GRI 102-8: Information on employees and other workers, GRI 401-1: New employee hires and employee turnover)

At the end of 2019, the Evli Group had 249 employees, down by two percent on the previous year. Ninety-one percent of the personnel worked in Finland, eight percent in Sweden and almost one percent in the United Arab Emirates.

The total number of new hires in 2019 was 16. New employees do not include summer workers and trainees. The average personnel turnover was 8.5 percent.

PERSONNEL DATA	2019	2018	2017
Personnel	249	254	240
Permanent	224	226	214
Temporary*	25	24	20
On study or parental leave	3	4	6
Full time**	237	243	228
Part time***	12	11	12
Women/men (%)	36/64	38/62	40/60
Average age	41.1	40.5	40.5
Average period of service	9.9	9.1	9.4
Average personnel turnover (%)****	8.5	8.3	9.7
New hires	16	15	16
Sickness absences, days/person	2.2	2.9	4.4
Occupational accidents at work	0	0	0
Training days/person	2.1	3.7	1.9
Personnel covered by performance reviews (%)	100	100	100

*Includes both trainees and summer workers.

**Includes both permanent and temporary employees with full-time contracts.

***Includes both permanent and temporary employees with part-time contracts.

****Personnel turnover was calculated using the following formula: ((Number of new persons employed Jan 1-Dec 31 + number of employees leaving Jan 1-Dec 31)/2)/number of employees on Dec 31.

A diverse work environment and equal opportunities

(GRI 405-1: Diversity of governance bodies and employees)

Fairness, including equality, non-discrimination and diversity are a material part of Evli's responsibility. Work in this was further organized in 2018 as Evli Bank's Board of Directors approved Evli Group's diversity policy and goals for 2022. The diversity policy defines the company's principles concerning equality, non-discrimination and diversity. Under the principles, Evli commits to creating a workplace that is non-discriminatory, open and positive and in which all employees are treated equally, irrespective of gender, age, ethnic or national background, nationality, language or faith. In addition, a material factor of diversity is that all employees feel they have the same opportunities to develop and advance in their careers. Good management of diversity and work for non-discrimination can improve personnel well-being and commitment and enable employees to perform to their full potential. In addition, diversity promotes innovations, productivity and the company's competitiveness.

At Evli, diversity applies to all business areas and diversity is taken into account in all personnel management from hiring to career progress and development.

> Additional information about Evli's diversity policy: www.evli.com

In addition to Evli Group's diversity policy, the goal of the Board of Directors' diversity policy is to ensure that the Board is as diverse as possible. Diversity emphasizes Board members' expertise regarding different industry sectors and training and skills that complement those of other members. In addition, factors that are relevant regarding the diversity of the Board include age and gender distribution and length of term. The goal is for both genders to be represented on the Board. Additional information about the Board of Directors diversity on page 134.

Results and priorities for 2019

- In Evli's recruiting an increasing focus was on diversity, including collaboration with various stakeholders to make the investment industry more attractive to women.
- More active cooperation with polytechnic schools was started.
- Evli participated in the Hanken & SSE Integration Program and offered a trainee position to one program participants. The aim of the program is to educate and integrate refugees and immigrants into society.

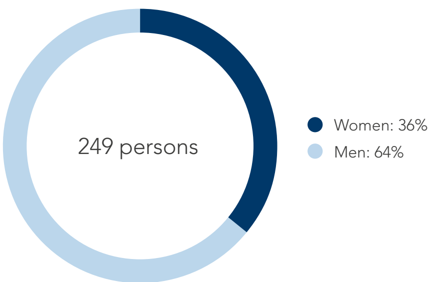
Evli looks after the well-being of its employees

(GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, GRI 401-3: Parental leave)

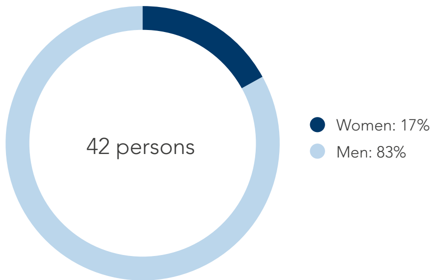
Motivated and committed employees whose well-being is at a high level are vital to Evli's operations, development and profitability. Evli's goal is to develop and promote the comprehensive well-being of its employees and to focus on proactive measures on workplace well-being. One of the key prerequisites for both mental and physical well-being is work-life balance. This is supported by offering a flexible work culture, which means, among other things, the possibility of flexible working hours, remote working and a shortened workweek.

EVLI'S DIVERSITY 2019

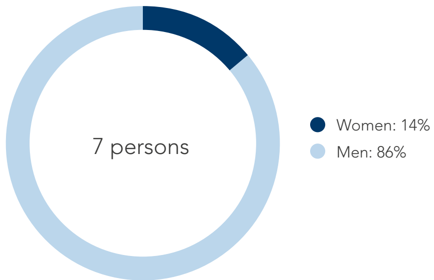
Gender diversity entire personnel



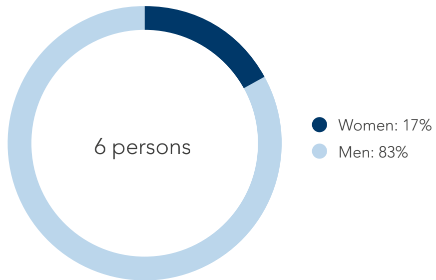
Gender diversity team leaders



Gender diversity Executive Group



Gender diversity Board of Directors



Evli's employees have access to expert level occupational healthcare, including among others specialist-level doctors, physiotherapy, ultrasounds, MRIs and x-rays. In addition, mental and physical well-being is supported by offering employees opportunities to take part in exercise classes and lectures. Evli's policy also includes preventing long-term sick leave through an early support model.

Job satisfaction and well-being at work are measured by means of an employee survey and smaller in-house surveys. The results drive further development of workplace well-being and practices.

Results and priorities for 2019

- About two percent of the employees worked a shorter week and were for example on part-time childcare leave.
- Evli organized among others pilates for the personnel and the personnel were offered a summer gift card for the city bikes in Helsinki and a chance to participate in the Midnight Run-competition.
- A massage chair is available to Evli's Helsinki office. In addition, Evli pays part of the employees' massage expenses.

Personnel development helps ensure competitiveness

(GRI 404-1: Average hours of training per year per employee, GRI 404-2: Programs for upgrading employee skills and transition assistance programs)

The skills of motivated and committed employees support the execution of the company's strategy and targets. Evli constantly develops its employees' professional expertise, as this enables it to keep up with the changes in the environment and offer innovative solutions that meet market demand. Evli Academy, established in 2006, organizes both internal and external training events to improve employees' skills and to enhance occupational health and well-being.

In addition to training opportunities, Evli encourages learning on the job and job rotation. Job rotation is encouraged by for example publishing all open positions on Evli's Intranet.

Team leader work is considered an important part of personnel development and work satisfaction. Team leaders are trained on a continuous basis to enable them to support their team members as well as possible and to develop the teams' practices.

Results and priorities for 2019

- Number of training days per person was 2.1. Training days include both internally organized training and external training.
- About twenty training events were organized at Evli to support personnel development. The trainings included among others data protection trainings and media training.
- Evli continued the training program with Aalto University Executive Education which is available to all employees. The goal of the program, launched in 2017, is to develop the skills of the employees especially with regards to the challenges of the digitalized environment.
- To support team leaders at their work five information events were organized. These events included information on recruiting, career development and the development paths for employees, as well as the diversity goals.

An attractive employer

Competition for the best talent is very severe in the finance sector. Finding the right people and keeping them is vital for a company that offers expert services. Evli believes that by offering its employees good learning and development opportunities, and by investing in well-being and work-life balance, it can attract new employees and commit them to the company.

Evli's recruitment activities emphasize finding the right people who are prepared to develop to become future top experts at Evli. Fresh graduates or students close to graduation are attracted to work at Evli by offering among others a trainee program. The goal of the trainee program is to find motivated young talents that can become future top experts at Evli and bring innovations and ideas to the company.

In addition to the trainee program, Evli supports schools and participates in various fairs and recruitment events in Finland and Sweden. Evli's Human Resources also organizes an annual Nuorten Aamu (Student morning) event and corporate visits to Evli for student organizations. In these students can learn about the company and the positions it can offer. The purpose of these events is to increase awareness of Evli among potential employees.

Results and priorities for 2019

- The trainee program was developed from an earlier summer-focused program to a year-round program. During the year, 10 persons participated in the trainee program.
- Evli partnered with the company Mimmit Sijoittaa in order to make the investment industry more attractive for young women.
- Continued collaboration with universities to attract young talents to Evli.

Reporting practice

GRI 102-47: List of material topics

The economic, social and environmental impact of Evli's business comes both directly through its own operations and indirectly through its investment activities. The topics and priorities relevant to Evli's responsibility are presented on pages 17-18.

GRI 102-48: Restatements of information

No material changes have been made to previously reported data.

GRI 102-49: Changes in reporting

Evli conducted its first GRI* Corporate Responsibility Report in 2018. In the 2019 report, the scope and boundaries of the report have remained the same, but to improve the readability of the report, the content has been more closely aligned with the GRI's reporting structure.

GRI 102-50: Reporting period

The reporting period is from January 1 to December 31, 2019.

GRI 102-51: Date of most recent report

Evli's Annual Report 2018 including the Responsibility report was published on February 13, 2019.

GRI 102-52: Reporting cycle

Evli's Annual Report is published yearly, by calendar year. The Annual Report consists of a Business overview, Responsibility report, Financial statement and Corporate Governance statement as well as the Remuneration policy and report.

GRI 102-53: Contact point for questions regarding the report

The contact point for questions is Evli's Responsible Investment team as well as the Marketing and communications team. Contact details are available at **www.evli.com**.

GRI 102-54: Claims of reporting in accordance with the GRI standards

The corporate responsibility report includes a GRI report which has been drawn up in accordance with the GRI standards where applicable. The report also includes information that concerns Evli's own relevant responsibility matters in accordance with the reporting principles of the GRI standard. The GRI content comparison on pages 34-38 lists the GRI indicators used and where more information is available. The corporate responsibility report, including the GRI report, supplements Evli's financial reporting and concern the operations of the Group as a whole unless otherwise is indicated. The GRI report includes information and indicators that have been identified through materiality analysis that are relevant to stakeholders and Evli's business operations.

GRI 102-56: External assurance

The responsibility report, which includes a GRI report, is not externally audited.

GRI 103-1: Explanation of the material topic and its boundary

The material topics and their boundaries are listed on page 18.

GRI 103-2: The management approach and its components

All business areas at Evli are part of ensuring that responsibility is integrated into everyday work. Every employee is responsible for observing it in practice. Evli's Responsible Investments team supports the business areas in matters concerning responsibility and especially the coordination of responsible investment. Evli believes that through responsible investment activities the company can have the most impact on responsibility. This is why Evli has invested most in the development of responsible investment in recent years. Evli has a Responsible Investment team that carries out responsible investment under the Head of Sustainability.

Compliance with the principles of responsible investment at Evli is supervised by the Responsible Investment Steering Group. The members of the Steering Group include management of Evli´s Wealth Management unit and portfolio management teams and it meets approximately every three months. Progress of responsible investment is reported annually to Evli Bank's Executive Group.

The Green Office team, which includes members from different business areas, focuses on Evli's own environmental impact. The task of the team is to coordinate Evli's environmental program and to increase its personnel's awareness of responsible operations together with the Head of Sustainability.

*Global Reporting Initiative.

GRI content index

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
GENERAL DISCLOSURE			
Organizational Profile			
102-1	Name of the organization	Financial Statements, p. 63	
102-2	Activities, brands, products and services	Evli in brief, p. 4-5	
102-3	Location of headquarters	Financial Statements, p. 63	Aleksanterinkatu 19 A, 00101 Helsinki
102-4	Location of operations	Evli in brief, p. 4-5	
102-5	Ownership and legal form	Shares and Shareholders, p. 52-54, Financial Statements, p. 105-107	
102-6	Markets served	Evli in brief, p. 4-5	
102-7	Scale of the organization	Evli in brief, p. 4-5, Financial figures, p. 43	
102-8	Information on employees and other workers	Responsibility, p. 30	
102-10	Significant changes to the organization and its supply chain	Financial Statements, p. 108	
102-11	Precautionary Principle or approach	Risk management and internal control, p. 69-73	
102-12	External initiatives	Responsibility, p. 23-24; UN Global Compact, Climate Action 100+, PRI's collaborative engagement, Investor Agenda Statement to Governments on Climate Change and CDP's investor letters	
Strategy and analysis			
102-14	Statement from senior decision-maker	CEO's review, p. 6-7	
102-15	Key impacts, risks, and opportunities	Megatrends, p. 11	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Business model, p. 10	
102-17	Mechanisms for advice and concerns about ethics	Responsibility, p. 28	
Governance			
102-18	Governance structure	Corporate Governance Statement, p. 131	
102-19	Delegating authority	Responsibility, p. 33	
102-20	Executive-level responsibility for economic, environmental, and social topics	Responsibility, p. 33	
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement, p. 132-133	
102-23	Chair of the highest governance body	Corporate Governance Statement, p. 133	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement, p. 132-133	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement, p. 132	
102-27	Collective knowledge of highest governance body	Corporate Governance Statement, p. 134	
102-28	Evaluating the highest governance body's performance	Corporate Governance Statement, p. 134	
102-30	Effectiveness of risk management processes	Risk management and internal control, p. 69-73	
102-35	Remuneration policies	Remuneration policy, p. 139-141	
102-36	Process for determining remuneration	Remuneration policy, p. 139-141	

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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102-43	Approach to stakeholder engagement	Responsibility, p. 18-19	
102-44	Key topics and concerns raised	Responsibility, p. 19	
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102-45	Entities included in the consolidated financial statements	Financial Statements, p. 63	
102-46	Defining report content and topic boundaries	Responsibility, p. 17-18	
102-47	List of material topics	Responsibility, p. 17-18	
102-48	Restatements of information	Responsibility, p. 33	
102-49	Changes in reporting	Responsibility, p. 33	
102-50	Reporting period	Responsibility, p. 33	
102-51	Date of most recent report	Responsibility, p. 33	
102-52	Reporting cycle	Responsibility, p. 33	
102-53	Contact point for questions regarding the report	Responsibility, p. 33	
102-54	Claims of reporting in accordance with the GRI Standards	Responsibility, p. 33	
102-55	GRI content index	GRI content index, p. 34-38	
102-56	External assurance	Responsibility, p. 33	The report has not been externally assured

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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Management approach			
103-1	Explanation of the material topic and its boundary	Responsibility, p. 18	
103-2	The management approach and its components	Responsibility, p. 33	
Economic topics			
Economic performance			
201-1	Direct economic value generated and distributed		

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Income distribution, M€	2019	2018	2017
Net interest income	0.3	0.7	0.9
Commission income and expense, net	72.2	67.1	65.2
Net income from securities transactions and foreign exchange dealing	3.2	0.7	4.9
Other operating income	0.1	0.1	0.4
Share of profits (losses) of associates	-0.6	2.6	0.6
Total Income	**75.2**	**71.2**	**72.0**
Personnel expenses	24.2	22.9	23.3
Other administrative expenses	14.0	15.9	15.1
Depreciation, amortization and write-down	3.5	2.1	2.3
Other operating expenses	3.7	0.9	1.4
Impairment losses on loans and other receivables	0.1	0.0	0.0
Society			
Taxes	4.9	4.2	4.3
Social security costs	1.4	1.2	1.4
Pension expenses	4.1	3.7	4.2
Equity holders of parent company	15.5	16.0	16.7
Non-controlling interest	1.4	1.3	0.8
Distribution of income	**72.8**	**68.2**	**69.5**

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205-2	Communication and training about anti-corruption policies and procedures	Responsibility, p. 28	
205-3	Confirmed incidents of corruption and actions taken	Responsibility, p. 28	
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Energy			
302-1	Energy consumption within the organization	Responsibility, p. 29	
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Employment			
401-1	New employee hires and employee turnover	Responsibility, p. 30	
401-2	Full-time staff benefits not provided to fixed-term or part-time staff		All staff benefits are offered throughout staff, regardless of employment.
401-3	Parental leave		Employees are provided with an opportunity of shortened working hours and depending on work tasks, the possibility of flexible working hours.
Occupational health and safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Responsibility, p. 30	
Training and education			
404-1	Average hours of training per year per employee	Responsibility, p. 30	
404-2	Programs for upgrading employee skills and transition assistance programs	Responsibility, p. 32	
404-3	Percentage of employees receiving regular performance and career development reviews	Responsibility, p. 30	Evli's development discussion process covers all permanent employees who are not absent due to, for example, parental leave or study leave. Developmental discussion needs for temporary employees are assessed case-by-case.
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employee	Responsibility, p. 31, Board of Director's Diversity; Corporate Governance Statement, p. 134	
Customer privacy protection			
418-1	Number of legitimate complaints about customer privacy violation and customer loss	Responsibility, p. 21	

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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Evli's own material CSR topics			
Responsible investments			
	Engaging with investment objects on environmental, social and governance matters	Responsibility, p. 23-24	
	Analyzing direct investment funds and wealth management's direct investment for UN Global Compact's norm violations	Responsibility, p. 23-24	
Customer satisfaction			
	Customer satisfaction	Responsibility, p. 21	
Taxes and tax footprint			
	Total tax	Responsibility, p. 27	
Direct impacts of own operations			
	Decreasing paper consumption	Responsibility, p. 29	
	Decreasing amount of air travel	Responsibility, p. 29	

ANNEX

Task Force on Climate-related Financial Disclosures report

Evli has committed to support the Task Force on Climate-related Financial Disclosures (TCFD). This section includes information on Evli's climate risks according to the TCFD framework.

Introduction

In August 2019, Evli became a public supporter of the TCFD with the goal of developing Evli's own climate risk reporting. The TCFD is an international climate risk reporting framework designed to improve reporting on the economic impact of climate change. Reports based on TCFD's recommendations provide stakeholders of the company information on:

1. management of climate-related risks and opportunities (role of the Board of Directors and the management),
2. the actual and potential impact of climate-related risks and opportunities on the company's business, strategy and financial planning,
3. the company's processes for identifying, assessing and managing climate risks, and
4. indicators and targets for assessing and managing climate-related risks and opportunities.

Identifying climate-related impacts is important because climate change presents both risks and opportunities for asset managers and other investors. The transition to a low-carbon economy is changing the business environment and companies are also exposed to the physical effects of climate change. On the other hand, climate change also creates opportunities for companies that offer services or products that contribute to climate change adaptation and mitigation.

Management

Evli's Board of Directors and Executive Group regularly address climate-related issues as part of a broader debate on responsibility. The Executive Group also discusses and approves the Principles for Responsible Investment and Principles for Climate Change which are observed in Evli's asset management and monitors the development of responsible investment practices in general. In addition, Evli's Head of Sustainability regularly attends Board and Executive Group meetings.

In addition to the work carried out by the Board of Directors and the Executive Group, Evli's Responsible Investment Steering Group monitors compliance with the Principles for Responsible Investment. The Responsible Investment Steering Group includes executives from Evli's Wealth Management and portfolio management teams. Under the supervision of the Head of Sustainability, the Responsible Investment team is responsible for coordinating and developing ESG matters in funds and discretionary portfolio management, and for engaging with companies.

Evli´s Principles for Responsible Investment define the Wealth Management's approach to responsible investment. Wealth Management also observes **Evli´s Principles for Climate Change**, which describe Evli's practices for addressing climate change and its implications in investment activities. Portfolio managers also take ESG matters, including climate issues, into consideration when analyzing potential investments and making investment decisions.

Strategy

As an asset manager, Evli's most significant climate risks and opportunities are related to investment activities. As such, Evli's strategy focuses on addressing climate-related risks and opportunities and their impact on Evli's products and investment strategies.

TCFD divides climate change-related risks into risks related to the transition to a low-carbon economy and to the physical impacts of climate change. Transition risks are financial risks that are caused by the transition towards a low-carbon economy. These include risks arising from changes in policy, regulation, technology and markets that, if realized, may affect the market value and returns of investments. As clients' climate strategies evolve, Evli must also ensure that its products and services meet their changing needs. Investing in companies deemed to contribute to climate change will also increase the reputational risk associated with investment activities.

Physical risks, on the other hand, are economic risks linked to the physical effects of climate change, which may arise from particular events or long-term changes in the climate. In Evli's investment activities, physical risks can materialize through, for example, real estate investments, which may be increasingly exposed to extreme weather events and damage caused by sea-level rise or floods as a result of climate change. However, the physical effects of climate change are not limited to real estate investments, but also affect other asset classes such as equity and corporate bonds.

Climate change also brings opportunities for investors. These include investments in companies that take advantage of opportunities relating to climate change mitigation and adaptation. In addition, climate change will increase the market for sustainable investments (e.g. green bonds), providing opportunities for new product development. For instance, in fall 2019, Evli organized the first-ever issue of a structured Green Note on the Finnish market. The proceeds from the issue will be used to finance sustainable development projects.

Evli has analyzed the sustainability of its investment strategy by conducting scenario analyses on a few of its investment portfolios. However, Evli believes that both the tools available and the quality (e.g. coverage) of data used in the analyses should be better in order to be able to assess and report with sufficient accuracy on the potential impacts of climate risks and opportunities in different global warming scenarios.

Risk Management

Evli's Principles for Climate Change establish the foundation for observing and managing climate change and its impacts on investment activities. The identification and assessment of climate risks are based on an analysis of the investment by portfolio managers and the Responsible Investment team. The measures used in climate risk management are based on the Principles for Climate Change and include analyzing and monitoring the greenhouse gas emissions and exclusion of and engaging with companies. Evli uses external service provider's data to monitor the Principles for Climate Change and in other daily responsibility work. The data is also used by the company's portfolio managers in investment decisions.

The emissions of companies in Evli's equity and fixed income funds are monitored by analyzing the funds' weighted average carbon intensity, which measures the portfolio's exposure to carbon-intensive companies. This way Evli is also able to monitor and evaluate the development of climate risks in the investments. In addition, Evli has excluded companies that manufacture peat for energy production and avoids investing in companies that earn a significant part of their revenue (at least 30 percent) from mining of thermal coal or its use in energy production. If a company has a credible plan to reduce its use of thermal coal, the Responsible Investment Steering Group may decide to depart from the exclusion.

Evli also sees engagement with companies as one way to manage risks related to climate change, and seeks in its engagement work to encourage companies to report in line with TCFD's recommendations. In addition, Evli participates in a number of investor initiatives (more information on pages 23-24) aimed, among other things, at influencing companies at risk from climate change, and at encouraging governments to take more ambitious measures to mitigate climate change. In addition to these measures, Evli regularly monitors changes in climate change regulation.

Indicators and objectives

Evli regularly monitors the development on the carbon footprint of equity and fixed-income funds by calculating their weighted average carbon intensity, that is, by analyzing Scope 1 and 2 emissions* for each investment, comparing them to the company's revenue and weighting each investment with its relative share in the portfolio. The carbon intensity of a fund is compared with the corresponding figure in the fund's benchmark index. Evli has excluded Scope 3 emissions* because they are not yet widely reported by companies and are still largely based on estimates.

While carbon footprinting helps to outline the emissions profile of investments, it is not a perfect indicator to illustrate emission characteristics of a portfolio or help assess future emission trends or emission reduction opportunities. For this reason, Evli also analyzes the proportion of companies owning fossil fuel reserves and compares them with the fund's benchmark index. This will enable Evli to assess the potential for reducing the fund's carbon footprint in greater detail and to identify companies that are exposed to risks related to climate change.

In the future, Evli seeks to make its reporting more forward-looking, by using, for instance, scenario analysis. As this work progresses, Evli will also look into setting targets for managing the risks and opportunities associated with climate change in its investments.

*Calculation of carbon footprint figures is defined by the international standard GHG protocol (Greenhouse Gas Protocol), for example. The GHG protocol breaks down greenhouse gas emissions into scopes 1-3. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company. Scope 3 includes indirect emissions related to the company's, including those from products, outsourcing, and business travel.

	Carbon intensity (1) (t CO_2e / USD million)	Compared to benchmark (2)	Weight of companies owning fossil fuel reserves (3) (%)	Compared to benchmark (2)	Coverage / Fund (4)	Coverage / Benchmark index (4)
Equity Funds						
Evli Emerging Frontier B	353.9		0.0%		41.2%	
Evli Equity Factor Europe B	218.8	46.3%	4.5%	-6.0%	99.4%	99.7%
Evli Equity Factor USA B	251.9	46.9%	4.4%	-0.8%	99.7%	99.6%
Evli Europe B	114.6	-23.4%	0.0%	-10.5%	100.0%	99.7%
Evli Finland Mix B	416.0		0.0%		56.9%	
Evli Finland Select B	414.1	6.9%	0.0%	0.0%	80.0%	90.3%
Evli Finnish Small Cap B	72.7	-28.7%	0.0%	0.0%	36.3%	55.2%
Evli GEM B	725.2	131.3%	17.0%	5.5%	97.0%	99.5%
Evli Global B	56.9	-66.2%	0.0%	-7.2%	100.0%	99.7%
Evli Global X B	57.9	-65.6%	0.0%	-7.2%	100.0%	99.7%
Evli Japan B	63.4	-31.9%	0.0%	-5.9%	95.7%	99.9%
Evli Nordic B	90.8	-30.8%	2.0%	-0.9%	93.0%	98.1%
Evli North America B	101.5	-43.0%	0.0%	-5.8%	100.0%	99.7%
Evli Sweden Equity Index B	39.7	0.0%	0.0%	0.0%	100.0%	100.0%
Evli Swedish Small Cap B	31.2	-56.4%	0.0%	0.0%	85.7%	90.8%
Fixed Income Funds						
Evli Nordic Corporate Bond	295.4	87.8%	2.8%	-6.3%	71.8%	96.5%
Evli Corporate Bond B	281.5	55.4%	3.4%	-4.8%	82.9%	93.7%
Evli Euro Liquidity B	188.3		9.1%		66.3%	
Evli European High Yield B	265.2	49.2%	0.8%	-1.0%	66.2%	84.7%
Evli European Investment Grade B	253.1	20.9%	3.1%	-9.1%	85.4%	95.8%
Evli Short Corporate Bond B	235.5		3.1%		85.1%	
Evli Emerging Markets Credit	919.8	18.1%	13.2%	-5.5%	84.4%	88.2%
Evli Target Maturity Nordic Bond B	187.6		0.0%		52.5%	

Sources: Evli, MSCI ESG Research.

1) Evli uses weighted average carbon intensity to measure carbon footprint. A fund's weighted average carbon intensity is calculated by dividing the company-specific scope 1 and scope 2 greenhouse gas emissions by the company's revenues. After that, company-specific carbon intensity is multiplied by the company's portfolio weight. The fund-specific carbon footprint is a sum of company-specific carbon intensities apportioned based on portfolio weights. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company.

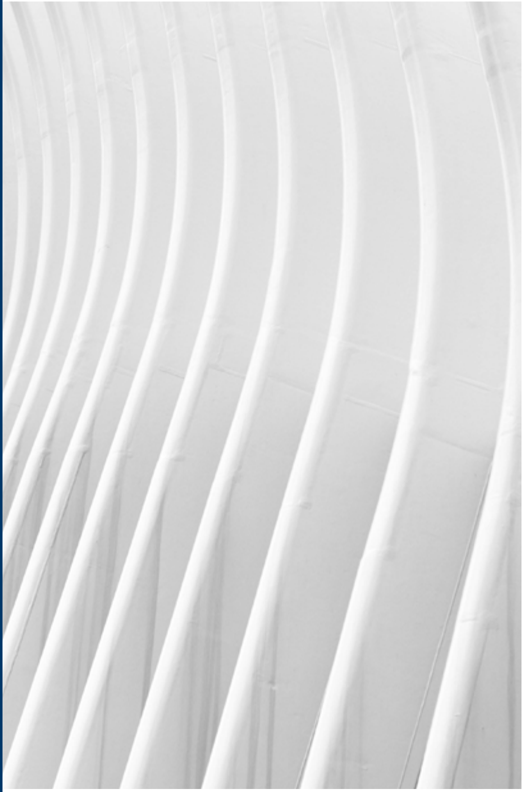
2) Compared to benchmark figure shows how the fund compares to corresponding figures for the benchmark index. As it is not possible to calculate this figure to all benchmark indices, some sections are left blank.

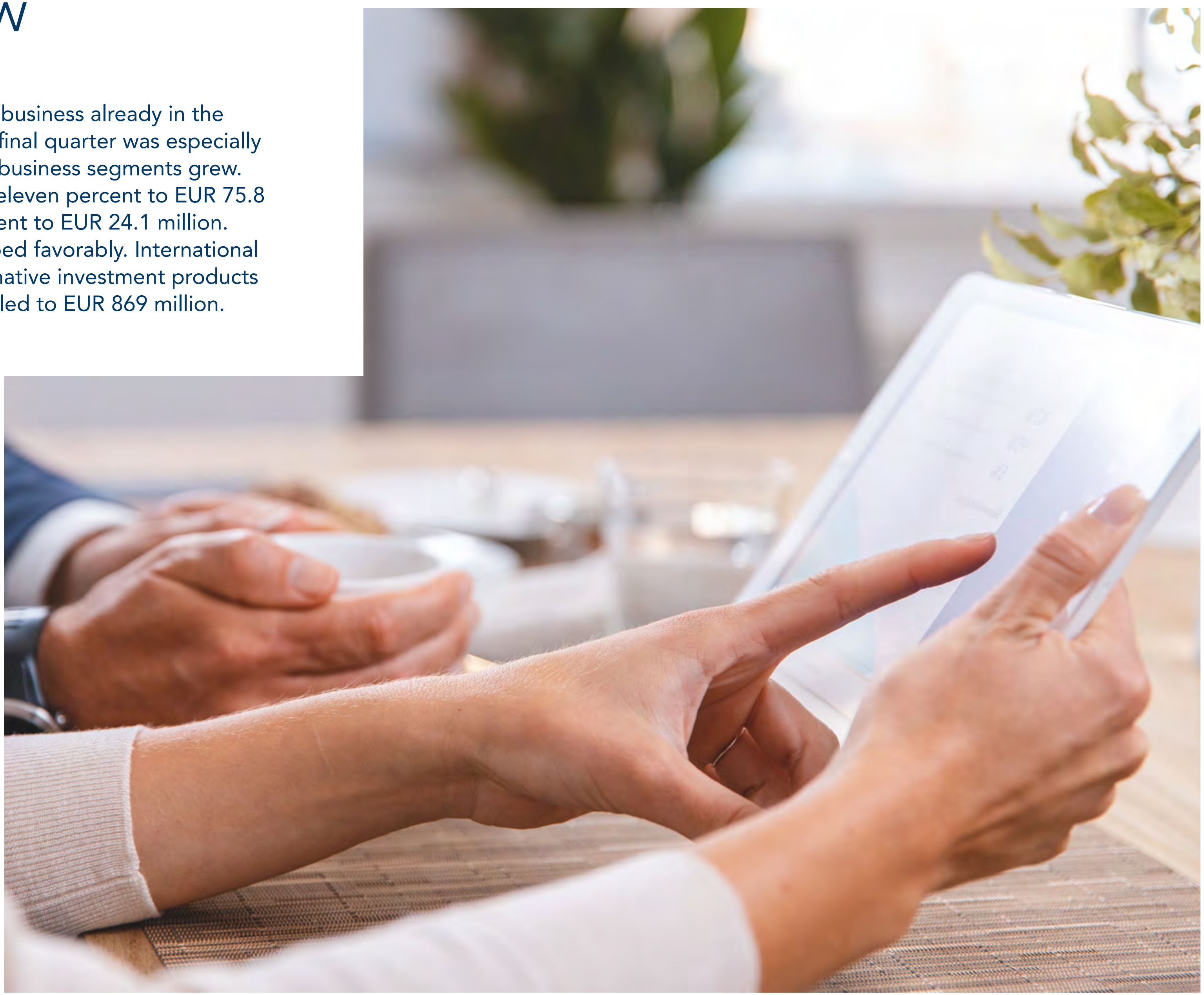
3) Weight of companies owning fossil fuel reserves shows the share of companies owning coal, gas or oil reserves in the portfolio. In this report coal reserves refer to the use of coal in energy production (thermal coal).

4) Coverage indicates the share of a portfolio's holdings (measured by market value) for which emissions data is available. The emissions data is based on emissions reported by the companies or other publicly available emissions data (e.g. CDP) and the data provider's estimate of emissions.

Financial review

There was stable development in Evli's business already in the first three quarters of the year, but the final quarter was especially strong as the turnover of both of Evli's business segments grew. Group operating income increased by eleven percent to EUR 75.8 million and operating profit by 28 percent to EUR 24.1 million. Evli's strategic focus areas also developed favorably. International fund sales grew to 2.8 billion and alternative investment products combined investment assets nearly tripled to EUR 869 million.





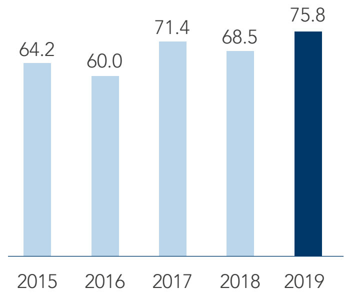
Key financial figures

	2019	2018	2017	2016	2015
Income statement key figures					
Operating income, M€	75.8	68.5	71.4	60.0	64.2
Operating profit/loss, M€	24.1	18.9	21.3	11.1	13.3
Operating profit margin, %	31.8	27.6	29.8	18.5	20.6
Profit for the financial year, M€	18.7	17.3	17.5	9.7	12.3
Profitability key figures					
Return on equity (ROE), %	23.4	23.0	25.5	14.3	20.2
Return on assets (ROA), %	2.1	1.9	2.0	1.4	2.2
Balance sheet key figures					
Equity-to-assets ratio, %	8.9	9.5	7.6	8.6	11.1
Group´s capital adequacy ratio, %	15.1	16.2	15.0	15.3	19.2
Key figures per share					
Earnings per Share (EPS), fully diluted, €	0.71	0.68	0.69	0.42	0.54
Comprehensive Earnings per Share (EPS), fully diluted, €	0.71	0.67	0.69	0.40	0.53
Dividend/share, €	0.66*	0.61	0.52	0.40	0.31
Equity per share, €	3.40	3.27	3.12	2.81	2.96
Share price at the end of the period, €	10.40	7.28	9.60	6.75	8.19
Other key figures					
Expense ratio (operating costs to net revenue)	0.68	0.7	0.7	0.8	0.8
Recurring revenue ratio, %	124	113.0	113.0	94.0	93.0
Personnel at the end of the period	249	254	240	244	248
Market value, M€	248.6	172.5	224.9	157.4	190.9

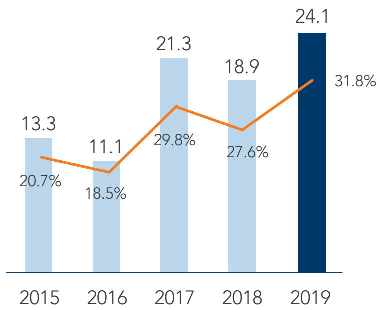
*Board of Directors' proposal.

Graphs of the financial development

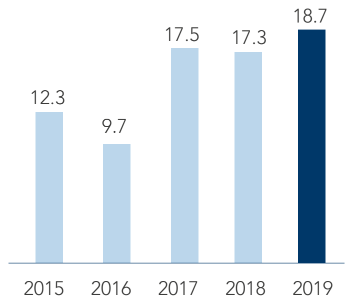
Net Revenue (M€)



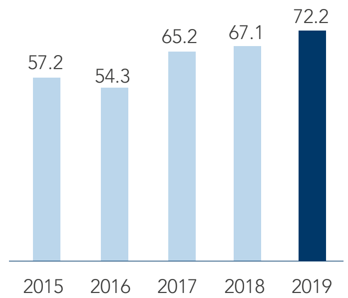
Operating profit (M€)
& profit margin (%)



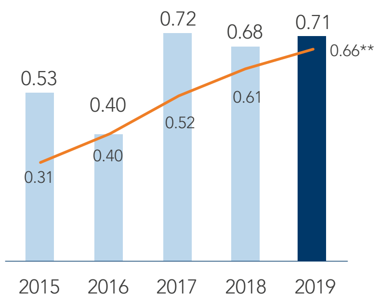
Net profit
(M€)



Net commission income
(M€)

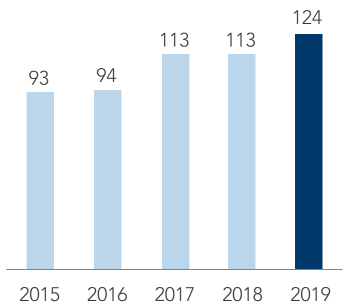


Earnings/share* (€)
and dividend/share (€)

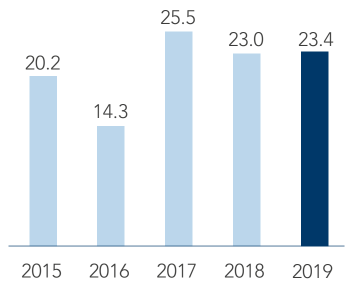


*Diluted IFRS.
**Board of Directors' proposal.

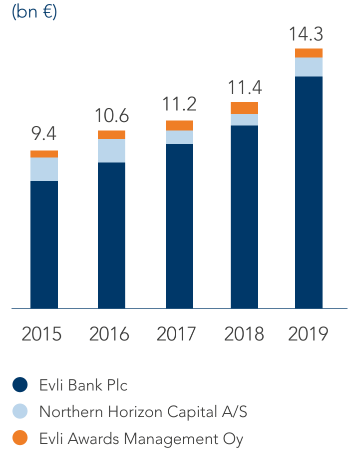
Proportion of recurring revenue to operating expenses (%)



Return to equity (%)



Net Assets Under Management
(bn €)



Board of Directors report 1.1.–31.12.2019

Market performance

Despite market uncertainty, 2019 was an excellent year for investors, with valuations rising almost across the board. At the beginning of the year, equity prices recovered from the downward trend of late 2018, but the recovery waned during the spring as trade disputes escalated and political risks increased. During the second and third quarters, the equity markets fluctuated without clear direction, but they began to pick up towards the end of the year as China and the United States signaled that a trade deal was emerging. Bond yields continued their protracted decline, reaching record lows in September, after which they began to rise.

While valuation levels continued to rise, global economic growth slowed in 2019 and corporate earnings growth was very moderate. As a result of the slowdown in economic growth and low inflation expectations, central banks attempted to strengthen the markets with their monetary policies. Central banks around the world lowered their key interest rates and sought to boost the market with purchase programs. However, the impact of the measures was limited.

In spite of the slowdown in economic growth and moderate corporate earnings growth, positive outlooks helped equity prices to reach all-time highs at the end of 2019. US equities (S&P 500) rose 28.9 percent and European equities (Stoxx 600) 23.2 percent during the year. Finnish equities (OMX Helsinki Cap) rose 14.8 percent.

The bond market performed well during 2019 as long-term rates decline. The values of euro area government bonds rose 6.7 percent. The values of corporate bonds with higher ratings rose 6.4 percent and the values of high yield bonds with lower ratings rose 11.6 percent. The euro weakened by 2.0 percent against the dollar.

Financial performance

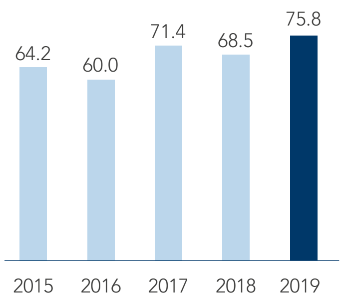
Development of revenue and result

In 2019 Evli Group's net commission income grew almost eight percent year on year and totaled EUR 72.2 million (1-12/2018: EUR 67.1 million). There was a positive trend in fund fees, in particular, which rose eleven percent year on year. Advisory fees also increased by ten percent to EUR 11.2 million (EUR 10.2 million). By contrast, brokerage fees declined as a result of weaker client demand.

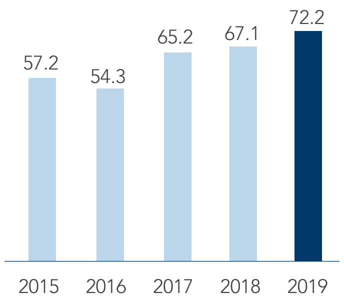
Overall, the return from Evli Group's operations grew almost eleven percent year on year and was EUR 75.8 million (EUR 68.5 million). Revenue performance was positively affected by the net income from securities transactions and foreign exchange dealing, which increased significantly on the previous year to EUR 3.2 million (EUR 0.7 million) thanks to successful investment activities.

Overall costs for 2019, including depreciation, amounted to EUR 51.7 million (EUR 49.6 million). During the past year, Evli has invested significantly in the development of alternative investment products, which has increased costs. The Group's personnel expenses totaled EUR 30.4 million (EUR 27.9 million) including estimated performance bonuses for the personnel. The personnel expenses are not directly comparable due to the reversal of the performance bonus provision for the year 2018. The Group's administrative expenses were EUR 14.0 million (EUR 15.9 million). The Group's depreciation, amortization and write-downs were EUR 3.6 million (EUR 2.1 million). The increase in depreciation is mainly due to

Net Revenue (M€)



Net commission income (M€)



the completion of information system projects. The Group's other operating expenses totaled EUR 3.7 million (EUR 3.6 million). Evli's expense/income ratio was 0.68 (0.72).

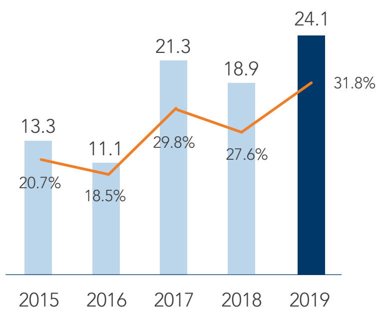
The Group's operating profit for the year grew year on year and was EUR 24.1 million (EUR 18.9 million). The operating margin was 31.8 percent (27.6%). The profit was EUR 18.7 million (EUR 17.3 million). The Group's annualized return on equity was 23.4 percent (23.0%), which clearly exceeded the long-term return on equity target of 15.0 percent.

Balance sheet and funding

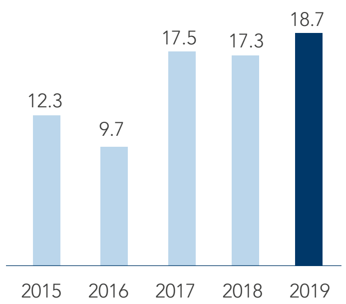
At the end of 2019, the Evli Group's balance sheet total was EUR 923.2 million (EUR 815.5 million). Due to daily changes in client activity, significant fluctuations in the size of the balance sheet total are possible from one quarter and from one year to the next. At the end of the year, the Evli Group's equity was EUR 81.8 million (EUR 77.4 million).

Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 15.1 percent clearly exceeds the regulator's requirement of 11.5 percent including the extra capital requirement. The Group's own minimum target for capital adequacy is 13.0 percent.

Operating profit (M€)
& profit margin (%)



Net profit
(M€)



The Group's funding from the public and credit institutions increased by ten percent compared to the comparison period. The company's loan portfolio decreased by 0.5 percent compared to the comparison period and was EUR 114.0 million (EUR 114.6 million). The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 20.7 percent. The Group's liquidity is good.

Business area development

Wealth Management and Investor Clients

The Wealth Management and Investor Clients segment offers services to present and future high net worth private individuals and institutions. The comprehensive product and service selection includes asset management services, fund products offered by Evli and its partners, various capital market services and alternative investment products. The segment also includes execution and operations activities that directly support these core activities.

Wealth Management

The sales of Evli's Wealth Management services developed favourably during 2019. The number of clients continued to grow in both traditional and digital asset management. At the end of the year, Evli had EUR 5.3 billion (EUR 4.9 billion) in discretionary assets under management, which includes both the traditional and the digital services.

During the year Evli received excellent recognition from the independent KANTAR SIFO Prospera "External Asset Management Finland 2019" -survey, where Evli was ranked as the best institutional asset manager for the fifth consecutive year. Evli was once again placed first in among others portfolio management competence, track record and responsible investments (ESG). Evli's brand strength was also assessed as clearly the strongest in asset management services in Finland.

Evli's institutional asset management also received recognition in SFR Scandinavian Financial Research's "Institutional Investment Services, Finland 2019" -survey. According to the survey, Evli is still Finland's most widely used asset manager. In addition, Evli received the "Gold Award".

Evli's Private Banking operations were recognized when over 500 investors ranked Evli best in Finland in KANTAR SIFO Prospera "Private Banking 2019 Finland" -survey.

Investment products –
traditional mutual funds

Traditional mutual fund sales developed favorably during 2019. Net subscriptions for the year totaled EUR 958.1 million (EUR 518.3 million). According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share increased by 0.5 percentage points on the previous year and was 7.7 percent at the end of 2019. At the end of December, Evli had 26 investment funds registered in Finland and two non-UCITS funds (excluding Evli Rental Yield non-UCITS fund). The combined assets of the traditional mutual funds and the non-

UCITS funds managed by the company were EUR 9.6 billion (EUR 7.8 billion). Of this, EUR 2.5 billion were invested in equity funds (EUR 2.1 billion), EUR 7.0 billion in fixed income funds (EUR 5.6 billion) and EUR 0.1 billion in balanced funds (EUR 0.1 billion). Evli's clients invested the most new assets in the Evli Nordic Corporate Bond (EUR 439 million), the Evli Euro Liquidity (EUR 303 million) and the Evli European Investment Grade (EUR 162 million), funds.

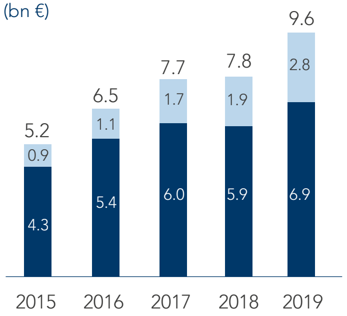
One of Evli's strategic targets is to boost the international sales of its investment products. At the end of the year the company's funds were available to institutional investors in among others Italy, Spain, France, Germany, Portugal and Latin America in addition to the domestic markets of Finland and Sweden. The intention is to extend the availability of products to new markets and to increase the efforts in international sales. The international interest in Evli's products has been good. By the end of 2019 EUR 2.8 billion (EUR 1.9 billion) of Evli's fund capital came from clients outside of Finland.

At the beginning of 2019, Evli's fund knowledge was recognized. Evli was awarded with the "Best Group Bond - Overall Small Company" Lipper Fund Award 2019 in Germany and Evli Short Corporate Bond B was rewarded with both "Best Fund over 3 years" and "Best Fund over 5 years" in the "Bond EUR Corporates Short Term" category. Further, Evli was awarded with the "Best Group Bond - Overall Small Company" Lipper Fund Award 2019 in France and European Lipper Fund Awards 2019. Evli was awarded for its superior firm-wide results, excellent fixed income knowledge and outstanding performance of its product range. In addition, Evli Fund Management Company was awarded Best Fixed Income Management Company in Spain at the Morningstar Awards gala.

On May 6, 2019, Evli launched a new Evli Target Maturity Nordic Bond 2023 mutual fund that invests in Nordic corporate bonds. It is a long-term corporate bond fund that mainly invests in bonds issued by Nordic companies, financial institutions and other organizations. The fund has a fixed-period investment strategy that will end on December 31, 2023, at the latest. The fund has an active approach to responsible investment and its investments are primarily passive holdings. The fund's portfolio is managed by Juhamatti Pukka and Jani Kurppa, who were ranked among Europe's best portfolio managers in Citywire's Euro Stars comparison.

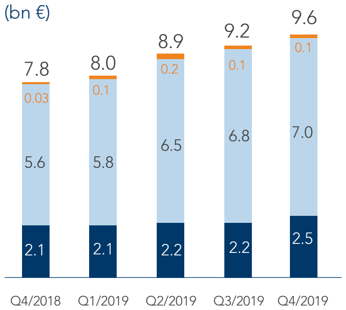
Assets under Management in Mutual Funds

(bn €)



Distribution of assets under management in mutual funds

(bn €)



Investment products – alternative investment products

The sale of strategically important alternative investment products developed according to plans in 2019. Evli has three real estate funds and three private equity funds in its product selection. Evli's assets under management in alternative investment products were EUR 869 million (EUR 349 million) at the end of the year.

Regarding the real estate funds, Evli collected the final investment commitments for the EAI Residential fund at and closed it to new investments to focus on maximizing the clients' returns. The Evli Healthcare I fund was also closed to new investments in February as planned. By this point around EUR 200 million had been collected in the fund. For investors interested in real estate the Evli Rental Yield non-UCITS fund launched in the second quarter of 2018 is open for investments. The fund raised EUR 60 million in new net subscriptions during the year. At the end of December Evli managed EUR 398 million (EUR 294 million) of assets in its real estate funds.

Evli's private equity fund business was launched at the end of 2018 with the new Evli Growth Partners fund, which had grown to EUR 57 million by the end of December 2019. The company reinforced its private equity business operations by purchasing Ab Kelonia Placering Oy's business operations during the second half of 2018. The business was launched during the second quarter of 2019 when the transaction closed. In relation to this, the company launched the new Evli Private Equity II Ky fund which invests in private equity funds. EUR 129 million of investment commitments were raised for the fund during the year. In conjunction with the Kelonia transaction, the fund that is now known as Evli Private Equity I Ky was transferred under Evli's management. The size of the fund at the end of the year was EUR 270 million, including investment commitments. The company's target is to continue to grow its existing products and to launch one or more products on the market during 2020.

Investment products - others

The past year was challenging for the brokerage of investment products. However, towards the end of the year, brokerage income also developed favorably. As a result, commissions from conventional equity brokerage and ETFs exceeded the level of the previous year. Thus, commission income from derivatives and structured products declined year on year. Fees were impacted, among others, by the company's decision last year to stop equity brokerage in Sweden and discontinue bond brokerage operations in Finland.

Responsibility

Evli has made responsibility one of its strategic factors. Responsibility factors have been integrated into investment operations in Evli's most substantial business area, Wealth Management, which means that responsible investment is a systematic part of portfolio management. The investments made by Evli's mutual funds are monitored continuously for any norm violations (for example human rights, corruption and environmental issues), and in Wealth Management, engagement with companies takes place both independently and jointly with other investors.

More about corporate responsibility on pages 21-24.

Financial development

The Wealth Management and Investor Clients segment developed favorably during 2019. The segment's net revenue increased over seven percent year on year totaling EUR 61.6 million (EUR 57.4 million). The increase in recurring fund fees impacted the revenue development positively.

Advisory and Corporate Clients

The Advisory and Corporate Clients segment provides advisory services related to M&A transactions, including corporate acquisitions and divestments, IPOs and share issues. The segment also offers incentive program administration services and investment research for listed companies.

M&A transactions

During 2019, Evli acted as an advisor in 17 completed transactions. The activity on the M&A market has remained good and the demand for the company's services has remained stable. The company's mandate base has remained at a good level.

During 2019 Evli acted as advisor in the following transactions

- Humana AB's acquisition of Coronaria Hoiva Oy
- Kraftpojkarna's sales of the company to OKQ8
- Sunstone Metals Ltd's sales of Avalon Minerals Viscaria AB to Copperstone Resources AB
- CGI Nordic Holdings Limited's public tender offer for Acando and provided the Board of Acando with a fairness opinion
- Lantmännen's acquisition of Tate & Lyle's mill and production facility in Kimstad, Sweden.
- Fellow Finance's EUR 10.5 millon bond issue
- Renewcell Ab's SEK 50 million private placement
- Endomines Oy's rights issue
- CAKE's SEK 137 million private placement
- OKQ8's closed acquisitions
- Mabtech AB's sales process to IK Investment Partners, with Merieux Equity partners acquiring a minority stake
- Relais Group's EUR 30 million IPO on Nasdaq First North Helsinki.

Incentive systems

The Incentive systems business developed well during 2019 as revenue continued to increase from the comparison period. The revenue development was positively affected both by new clients, the more extensive incentive programs of existing clients and additional services related to management of incentive systems. At the end of December, Evli was responsible for the administration of the incentive systems for about 70 mainly listed companies.

Investment research

The performance of Evli's investment research segment did not reach expectations during 2019. At the end of December, 25 companies were clients of Evli's research service.

Financial development

The net revenue of the Advisory and Corporate Clients segment developed favorably and was EUR 10.9 million (EUR 10.0 million). Signif-

KEY FIGURES - WEALTH MANAGEMENT AND INVESTOR CLIENTS SEGMENT

M€	2019	2018	Change %
Net revenue	61.6	57.4	7.4%
Operating profit/loss before Group allocations	28.3	26.5	6.8%
Operating profit/loss	20.8	17.4	19.7%
Number of personnel	154	164	-6.0%
Market share, %*	7.7	7.1	8.5%
Net subscriptions**	958.1	518.3	84.9%

*Evli Fund Management Company. Source: fund report by Finanssialan Keskusliitto ry
**Net subscription to Evli's traditional funds. Source: fund report by Finanssialan Keskusliitto ry

KEY FIGURES - ADVISORY AND CORPORATE CLIENTS SEGMENT

M€	2019	2018	Change %
Net revenue	10.9	10.0	9.5%
Operating profit/loss before Group allocations	4.0	3.6	12.0%
Operating profit/loss	2.8	2.2	27.8%
Number of personnel	44	42	9.5%

icant fluctuations in revenue from one quarter to the next are typical of the segment's M&A activities.

Group Operations

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Marketing & Communication, Legal Department, Human Resources, and Internal Services. Banking services and the company's own investment operations that support the company's operations, and the Group's supervisory functions; Compliance, Risk Management and Internal Audit, are also part of Group Operations.

Financial development

The net revenue of the Group operations segment increased by over 170 percent compared to the previous year and was EUR 3.6 million (EUR 1.3 million). This growth was a result of Evli's Treasury function's return that was higher than the previous year and the positive performance of long-term investments through Evli's own balance sheet.

KEY FIGURES - GROUP OPERATIONS SEGMENT

M€	2019	2018	Change %
Net revenue	3.6	1.3	174.7%
Operating profit/loss before Group allocations	-8.4	-10.8	-22.5%
Operating profit/loss	0.3	-0.3	-
Number of personnel	51	48	6.3%

Development of client assets under management

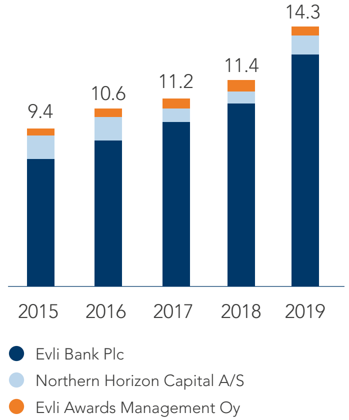
There was a positive trend in client assets under management during the year as a result of successful sales and market growth. The Group's combined net assets under management at the end of December were EUR 14.3 billion (EUR 11.4 billion). About 80 percent of client assets under management in mutual funds and asset management came from institutional investors and the remaining 20 percent from private individuals.

Personnel

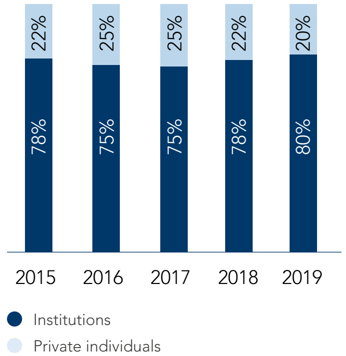
Evli had 249 employees (254) at the end of 2019. The number of employees declined by two percent, from the comparison period. 91 percent of the personnel were employed in Finland and nine percent abroad.

In August, Evli initiated co-determination negotiations to reorganize its business support functions and administration. The negotiations ended on September 30, 2019 and resulted in the reorganization of teams and new job descriptions. As a result of the negotiations, the number of employees in these functions was reduced by nine persons and Evli offered 14 persons new job descriptions. The actions taken are aimed at further improving the quality of customer service, boosting the efficiency of processes and the dissemination of information and knowledge within the company, with centralized data analysis for example

Net Assets Under Management
(bn €)



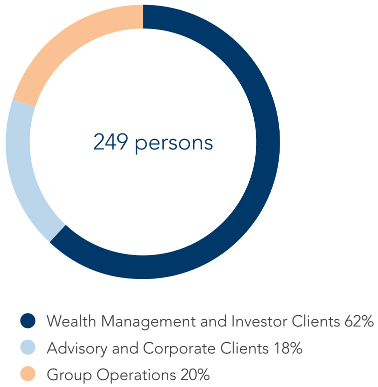
Client split in Institutional and Private invdviduals, excl. associated companies



EMPLOYEE FACTS

Employees per country

Employees per segment



Changes in group structure

In 2019 the share capital of Evli Private Equity Partners Ltd was strengthened with a private placement. In conjunction with this Evli's stake in the company decreased from the previous 100 percent to 80 percent.

During December, Evli sold four percent of its shares in Evli Corporate Finance Ab to its employees. Following the transaction, Evli's ownership in the company is 59.5 percent.

At the end of the year, a new company, Evli Infrastructure Partners Oy, was established in Evli Group. Evli's ownership in the company is 82 percent.

Evli's shares and share capital

At the end of December, Evli Bank Plc's total number of shares was 23,901,420, of which 15,160,875 were series A shares and 8,740,545 were series B shares. The company held 375,387 series A shares. The company's share capital was EUR 30,194,097.31 at the end of December. No changes took place in the share capital.

At the end of December, Evli had 8,740,545 B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-December came to EUR 10.1 million, with 1,230,900 Evli shares traded. The closing price at the end of December was EUR 10.40. The highest share price during the year was EUR 10.75 and the lowest was EUR 7.24. Evli's market capitalization was EUR 248.6 million at the end of December. The market capitalization is calculated based on both unlisted A shares and listed B shares. A shares are valued at the closing value of the B share at the end of the reporting period.

Additional information on major shareholders, shareholder allocation, ownership by owner group and information on share-based key figures on pages 52-54, Shares and shareholders.

Decisions taken by the annual general meeting

Evli Bank Plc's Annual General Meeting was held in Helsinki on March 12, 2019. The meeting approved the financial statements and granted release from liability to the Members of the Board of Directors and the CEO for the 2018 financial year. The General Meeting approved a dividend of EUR 0.61 per share as proposed by the Board of Directors. The dividend was paid to shareholders who on the record date March 14, 2019 were registered in the shareholders' register of the company held by Euroclear Finland Ltd. The date of the payment of dividends was resolved to be March 21, 2019.

The Annual General Meeting confirmed six as the total number of members of the Board of Directors. Henrik Andersin, Robert Ingman, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. In addition, Sari Helander and Fredrik Hacklin were elected as new members to the Board of Directors.

The Annual General Meeting confirmed the meeting attendance fee payable to Board members to EUR 5,000.00 per month, the attendance fee payable to the Chairmen of the Committees to EUR 6,000.00 and the meeting attendance fee payable to the Chairman of the Board to EUR 7,500.00 per month.

PricewaterhouseCoopers Oy, an auditing firm, was elected as the auditor, with Jukka Paunonen, Authorized Public Accountant, as the principally responsible auditor. The auditor is paid remuneration according to a reasonable invoice approved by the company.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own series A and series B shares in one or more lots as follows:

The total number of own series A shares to be repurchased may be a maximum of 1,540,752 shares, and the total number of own series B shares to be repurchased may be a maximum of 849,390 shares. The proposed number of shares represents approximately ten percent of all the shares of the company on the date of the Notice of the Annual General Meeting.

Based on the authorization, the company's own shares may only be repurchased with unrestricted equity. The company's own shares may be repurchased at the price formed for series B shares in public trading or at the price otherwise formed on the market on the purchase day.

The Board of Directors will decide how the company's own shares will be repurchased. Financial instruments such as derivatives may be used in the purchasing. The company's own shares may be repurchased in other proportion than the shareholders' proportional shareholdings (private purchase). Shares may be repurchased through public trading at the prevailing market price formed for the B-shares in public trading on the Nasdaq Helsinki Ltd on the date of repurchase.

The authorization will replace earlier unused authorizations to repurchase the company's own shares. The authorization will be in force until the next Annual General Meeting but no later than until June 30, 2020.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares pursuant to chapter 10, section 1, of the Limited Liability Companies Act in one or more lots, for a fee or free of charge.

Based on the authorization, the number of shares issued or transferred, including shares received based on special rights, may total a maximum of 2,390,142 series B shares. The proposed number of shares represents approximately ten percent of all the shares of the company on the date of the Notice of the Annual General Meeting. Of the above-mentioned total number, however, a maximum of 478,028 shares may be used as part of the company's share-based incentive schemes, representing approximately two percent of all the shares of the company on the date of the Notice of the Annual General Meeting.

The authorization will entitle the Board of Directors to decide on all the terms and conditions related to the issuing of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The Board of Directors may decide to issue either new shares or any own shares in the possession of the company.

The authorization will replace earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares.

The authorization will be in force until the end of the next Annual General Meeting but no longer than until June 30, 2020.

Business environment

The prevailing business environment is favorable for Wealth Management operations. Evli has a strong position on the Finnish market, as exemplified by the nomination of the company as Finland's best institutional asset manager for the fifth consecutive year in KANTAR SIFO Prospera's survey. In addition, in the survey conducted by SFR Scandinavian Financial Research Evli has been ranked the most widely used institutional asset manager in Finland for several years. Demand for wealth management services has remained stable, and Evli has succeeded in competitive biddings in which it has participated. This provides a solid foundation for future growth.

In mutual fund operations, investors have been interested in fixed income funds in particular as a result of the uncertain market environment. This has been evident as redemptions in Evli's equity funds and correspondingly in the substantial growth of fixed income funds, for example. The company's position in the Finnish fund market is substantial, as Evli is the fourth-largest operator on the market with almost EUR 10 billion in fund capital. Nevertheless, the Finnish market continues to hold potential for substantial growth.

Client demand for alternative investment products has grown. Evli has responded by making funds that invest in properties and private equity funds available to its clients. Although the selection of alternative products is still quite new, Evli has been able to build a good market position for itself. A good product selection and new innovations provide a solid foundation for developing operations. Evli's goal is to turn alternative investment products into a major source of revenue.

The company focuses its international growth on the Nordic and European markets. Evli has also concluded fund distribution agreements in Latin America, for example. In addition to product availability, the streamlining and adaptation of administrative processes to correspond to the standards that investors are accustomed to on other markets are critical for the success of international growth. In this area, Evli has made a number of developments during the past year to better meet client needs. Evli is excellently placed where international sales are concerned, and the image of a high-quality Nordic fund management boutique is of interest to foreign investors.

Risk management and business risks

Evli's most significant near-term risk is the impact of market performance on the company's business functions. Securities market performance has a direct impact on the wealth management business. Its revenue is based on the performance of assets under management and is therefore subject to market fluctuations. The general performance of the markets also has an impact on brokerage operations. In advisory assignments, any changes in the market confidence of investors and corporate management may result in the lengthening or termination of projects.

Evli's most significant risks associated with its bank and investment activities are liquidity, market and interest rate risks. These risks are controlled with limits set by Evli Bank's Board of Directors. The limits are constantly monitored. The basis for investments made by the company is that they must not endanger Evli's result or solvency. Evli's investments are very highly diversified, and dependency on a single company is restricted by limiting the size of company-specific investments, for example. Regardless of good monitoring, there is always a certain degree of risk involved in investment activities, which means the return from investment activities can fluctuate significantly from one quarter to the next.

More information on business risks and their control on pages 69-73.

Outlook for 2020

There are risks associated with the general development of the equity and fixed income market. A possible decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance. Evli Group's assets under management have grown substantially in recent years, which softens the result-impact of any reversal of the market. Sales of alternative investment products, in particular, have brought new, stable revenue. Evli has initiated a series of internal, strategy-based actions and cost savings, which are expected to improve the company's cost effectiveness.

There has been positive development in the demand for advisory services, and its outlook for 2020 is stable. Own balance sheet investments share of Evli's business has decreased during recent years. Nevertheless, it may have a significant impact on the company's result performance. In the advisory business and in own investment activities, fluctuations in quarterly and annual returns are possible.

As a result of this positive development, we estimate the operating profit for 2020 to be clearly positive.

Helsinki, February 7, 2020

EVLI BANK PLC

Board of Directors

Shares and shareholders

Shares and Shareholders' Equity

Evli Bank has two series of shares, the A and B series. One series A share entitles the holder to twenty (20) votes and one series B to one (1) vote at the General Meeting. The two series of shares have equal rights to dividends and other forms of profit distribution. The Company's series B share is listed on the official list of Nasdaq Helsinki with the ticker symbol "EVLI" and ISIN code FI4000170915.

At the end of December 2019, the aggregate number of Evli's shares was 23,901,420, with the series A shares accounting for 15,160,875 shares and series B shares for 8,740,545 shares. The company held 375,387 of its own series A shares. At the end of 2019, the company's share capital amounted to 30,194,097.31 euro. The share capital remained unchanged throughout the year.

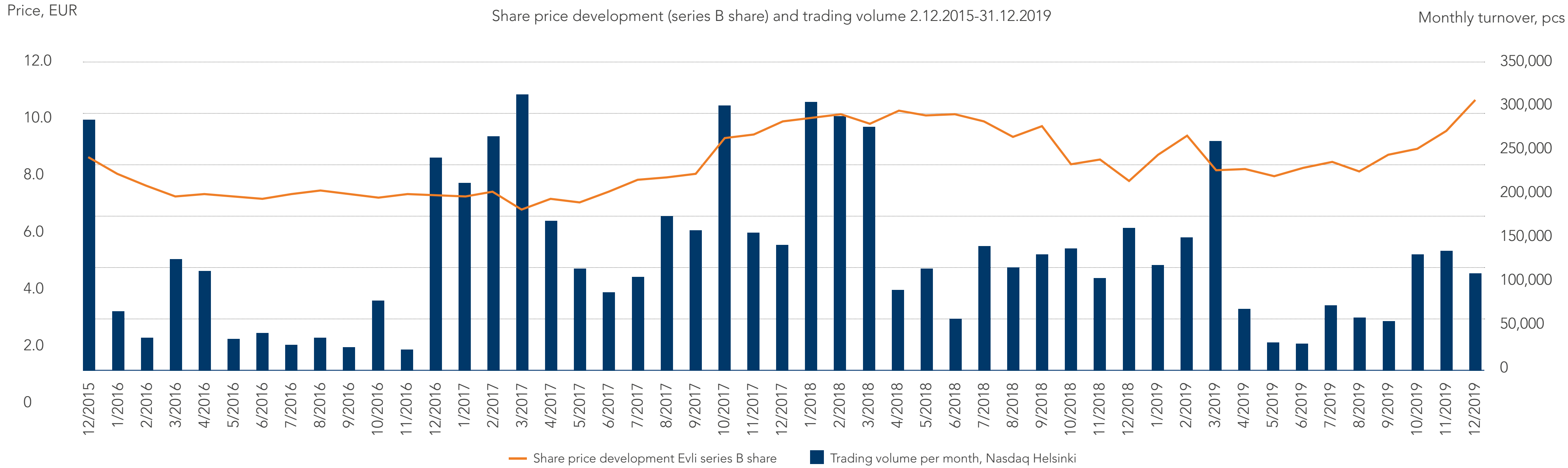
Trading in shares

At the end of December 8,740,545 of Evli's series B shares were publicly traded in Nasdaq Helsinki. The share exchange between January and December totaled 10.1 million euro while the number of Evli shares exchanged was 1,230,900. During 2019, the highest trading price of the share was EUR 10.75 while the lowest price was EUR 7.24. The share's closing price on December 31, 2019 was EUR 10.40. Evli's market capitalisation, calculated based on both the unlisted series A and the listed series B shares, was EUR 248.6 million on December 31, 2019. The series A shares are valued at the review year closing price of the series B shares.

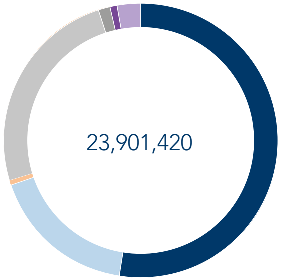
Shareholders

At the end of 2019, Evli had 4,204 (3,982) shareholders in the book-entry register. The stake of Finnish companies was 54.1 percent (54.0%) and that of private Finnish individuals was 25.7 percent (25.3%). The remaining 20.2 percent of the shares (20.7%) were owned by Financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors.

Share price development (series B share) and trading volume 2.12.2015-31.12.2019

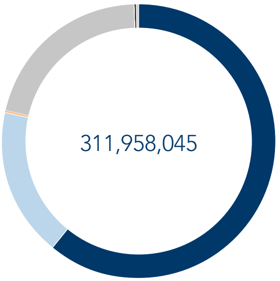


Breakdown of shareholdings by owner group



- Companies: 54.1%
- Financial and insurance institutions: 15.0%
- Public sector organizations: 0.7%
- Households: 25.7%
- Non-profit institutions: 1.5%
- Foreigners: 0.6%
- Nominee registered: 2.3%

Breakdown of votes by owner group



- Companies: 61.8%
- Financial and insurance institutions: 17.7%
- Public sector organizations: 0.1%
- Households: 20.2%
- Non-profit institutions: 0.1%
- Foreigners: 0.1%
- Nominee registered: 0.2%

LARGEST SHAREHOLDERS	A Shares	B Shares	Shares total	% of all shares	% of votes
1. Oy Scripo Ab	3,803,280	950,820	4,754,100	19.9	24.6
2. Prandium Oy Ab	3,803,280	950,820	4,754,100	19.9	24.6
3. Oy Fincorp Ab	2,319,780	415,991	2,735,771	11.5	15.0
4. Ingman Group Oy Ab	1,860,000	600,000	2,460,000	10.3	12.1
5. Lehtimäki Maunu	533,728	155,932	689,660	2.9	3.5
6. Hollfast John Erik	328,320	82,080	410,400	1.7	2.1
7. Tallberg Claes	369,756	32,588	402,344	1.7	2.4
8. Evli Pankki Oyj	375,387	0	375,387	1.6	2.4
9. Moomin Characters Oy Ltd	0	368,942	368,942	1.5	0.1
10. Svenska Litteratursällskapet i Finland	0	220,336	220,336	0.9	0.1

BREAKDOWN OF SHAREHOLDINGS BY OWNER GROUP	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %	Number of votes	Proportion of votes, %
Companies	187	4.4	12,931,401	54.1	192,796,041	61.8
Financial and insurance institutions	21	0.5	3,577,249	15.0	55,338,692	17.7
Public sector organizations	2	0.0	174,458	0.7	174,458	0.1
Households	3,953	94.0	6,152,157	25.7	63,135,969	20.2
Non-profit institutions	19	0.5	353,045	1.5	353,045	0.1
Foreigners	22	0.5	151,612	0.6	159,840	0.1
Total	**4,204**	**100.0**	**23,901,420**	**100.0**	**311,958,045**	**100.0**
of which nominee registered	7		561,498	2.3	561,498	0.2
Number of shares issued			**23,901,420**	**100.0**	**311,958,045**	**100.0**

BREAKDOWN OF SHAREHOLDINGS BY SIZE CLASS	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %	Number of votes	Proportion of votes, %
1-100	1,254	29.8	65,869	0.3	65,869	0.0
101-1.000	2,425	57.7	769,397	3.2	779,543	0.3
1.001-10.000	439	10.4	1,173,087	4.9	1,473,287	0.5
10.001-100.000	61	1.5	2,129,434	8.9	15,313,838	4.9
100.001-500.000	20	0.5	4,370,002	18.3	44,850,585	14.4
500.001-	5	0.1	15,393,631	64.4	249,474,923	80.0
Total	**4,204**	**100.0**	**23,901,420**	**100.0**	**311,958,045**	**100.0**
of which nominee registered	7		561,498	2.3	561,498	0.2
Number of shares issued			**23,901,420**	**100.0**	**311,958,045**	**100.0**

Authorisations given to the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own series A and series B shares in one or more lots. The total number of own series A shares to be repurchased may be a maximum of 1,540,752 shares, and the total number of own series B shares to be repurchased may be a maximum of 849,390 shares. The proposed number of shares represents approximately ten percent of all the shares of the company' on the date of the Notice of the Annual General Meeting. The authorisation remains in force until the following Annual General Meeting, however, no longer than until June 30, 2020. In 2019 Evli did not acquire any own shares.

Evli's series A shares can be converted into series B shares under Article 4 of the Articles of Association. During 2019, the company converted A shares into B shares as follows:

- 91,404 A shares were converted into B shares on February 13, 2019. Public trading with the converted shares began at Nasdaq Helsinki Ltd on February 14, 2019
- 149,248 A shares were converted into B shares on June 10, 2019. Public trading with the converted shares began at Nasdaq Helsinki Ltd on June 11, 2019
- 21,728 A shares were converted into B shares on July 12, 2019. Public trading with the converted shares began at Nasdaq Helsinki Ltd on July 15, 2019
- 69,000 A shares were converted into B shares on October 23, 2019. Public trading with the converted shares began at Nasdaq Helsinki Ltd on October 24, 2019
- 6,668 A shares were converted into B shares on December 13, 2019. Public trading with the converted shares began at Nasdaq Helsinki Ltd on December 16, 2019.

CHANGES IN THE SHARE CAPITAL, BOARD AUTHORIZATIONS AND OPTION PROGRAMS

	Number of own shares held	Number of outstanding shares	Share capital, M€	Share premium fund, M€	Fund of invested non-restricted equity, M€
1.1.2018	355,655	23,074,765	30.2	1.8	17.5
Aquisition of own shares	19,732	-19,732	0.0	0.0	-0.1
Option rights subscription (option program 2014)	0	258,500	0.0	0.0	0.5
Aquisition of minority interest	0	0	0.0	0.0	0.4
31.12.2018	**375,387**	**23,313,533**	**30.2**	**1.8**	**18.3**
Total number of shares		23,688,920			
1.1.2019	375,387	23,313,533	30.2	1.8	18.3
Aquisition of own shares	0	0	0.0	0.0	0.0
Option rights subscription (option program 2014)	0	212,500	0.0	0.0	0.4
Aquisition of minority interest	0	0	0.0	0.0	0.0
31.12.2019	**375,387**	**23,526,033**	**30.2**	**1.8**	**18.7**
Total number of shares		23,901,420			

Option and share-based incentive programs

Evli's Option Program 2016 is part of Evli Group's incentive and commitment system targeted at the key employees. Further information on Evli's Option Program on the web page **www.evli.com/investors** and Note 1.8. Employee benefits, in the Notes to the consolidated income statement. In addition to the option program, Evli Group has three share-based incentive programs established in 2017, 2018 and 2019. The rewards based on the incentive program are given in Evli shares. Further information on the incentive program on pages 139-141.

Share ownership of executives

The share ownership of the Board members of Evli Bank Plc, including the holdings in the controlled corporations, were 7,306,380 shares in total on December 31, 2019, accounting for 30.6 percent of the total shares and 36.8 percent of voting rights. The members of the Board of Directors of Evli Bank Plc held no stock options.

At year-end, CEO Maunu Lehtimäki owned 689,660 shares which is 2.9 percent of the shares and 3.5 percent of the voting rights. Moreover, he has been given 40,000 stock options 2016 and 50,000 Evli shares n the context of the share-based incentive program established in 2019.

At year-end, other members of Evli Group's Executive Group owned 785,627 shares in aggregate, corresponding to 3.3 percent of the total shares and 2.3 percent of the voting rights. In addition, the Executive Group was given 35,000 stock options 2016 and 27,600 Evli shares in the context of the share-based incentive program established in 2017, 14,001 Evli shares in the context of the share-based incentive program established in 2018 and 140,000 Evli shares in the context of the share-based incentive program established in 2019.

Information for shareholders and investors

Basic share information

Evli Bank has two share series, series A shares and series B shares. A series A share confers twenty (20) votes and a series B share confers one (1) vote at the General Meeting. The share series have identical entitlements to dividends and other profit sharing. The company's series B shares are listed on the official list of Nasdaq Helsinki with the ticker symbol "EVLI" and ISIN code FI4000170915.

- A shares (December 31, 2019): 15,160,875
- B shares (December 31, 2019): 8,740,545.

Investor calendar 2020

- Annual report and financial statements for the financial year 2019: week 7
- Final registration date for the General Meeting: March 2, 2020 at 4.00 pm.
- Annual General Meeting (AGM), Helsinki: March 9, 2020
- Dividend record date: March 11, 2020
- Proposed dividend payment date: March 18, 2020
- Silent period: March 18-April 16, 2020
- The interim report for January-March 2020, published on April 16, 2020
- Silent period: June 15-July 14, 2020
- The half-year financial report for January-June 2020, published on July 14
- Silent period: September 24-October 23, 2020
- The interim report for January-September 2020, published on October 23, 2020.

Evli's financial reports as well as stock exchange and press releases are published in Finnish and in English. Evli's stock exchange releases and press releases can be subscribed to at **www.evli.com/investors**.

Annual General Meeting of shareholders

The Annual General Meeting (AGM) of Evli Bank Plc will be held on Monday, March 9, 2020 starting at 10.00 am. at The Helsinki Music Centre, Mannerheimintie 13 A, Helsinki, Finland.

The notice to the Annual General Meeting and the Board's proposals to the Annual General Meeting are published as a stock exchange release and on **www.evli.com**. The notice lists the matters to be discussed at the AGM. Under the Limited Liability Companies Act, a shareholder has the right to bring a matter for discussion at the AGM, if it is a matter that shall be discussed at the AGM under law. The demand must be presented in writing to the Board of Directors sufficiently early in order for it to be included in the notice to the AGM.

A shareholder is entitled to participate in the AGM, if the shareholder's date of entry in the list of shareholders maintained by Euroclear Finland Oy is not later than February 26, 2020.

Registration

A shareholder wishing to participate in the Annual General Meeting and exercise the right to vote must register as a participant by March 2, 2020.

The following registration methods are available:

- At **www.evli.com/agm**
- Per email at **ir@evli.com**
- Telephone call to +358 9 476 690, Monday–Friday 9.00 am. – 3.30 pm.
- In writing to Evli Bank Plc, AGM, P.O. Box 1081, FI-00101 Helsinki, Finland.

Shareholders may participate in the Annual General Meeting themselves or via proxies they have authorized. Any powers of attorney should be submitted by the registration deadline to:
Evli Bank Plc,
AGM,
P.O. Box 1081, FI-00101 Helsinki, Finland.

Proposed distribution of dividends

The Board proposes to the AGM that dividends be paid at EUR 0.66 for series A and B shares, totaling approximately EUR 15.5 million. The Board proposes March 18, 2020 as the dividend payment date.

Evli's investor communications

The main channel for Evli's investor communications is the company's website, where the company publishes all its stock exchange releases and press releases, its interim reports, financial statements, annual reports and General Meeting notices. The website also has presentations related to the reporting of results for investors and analysts, an investor calendar, and information intended for shareholders and analysts about the company's shares, financial performance, ownership and Corporate Governance. **www.evli.com/investors**

Contact information

Juho Mikola
CFO
juho.mikola@evli.com
Tel. +358 40 717 8888

Mikaela Herrala
Manager, Marketing & Communication
mikaela.herrala@evli.com
Tel. +358 50 544 5740

Capital adequacy

EVLI GROUP´S CAPITAL ADECUACY	2019	2018	2017	2016	2015
Own assets (common equity Tier 1 capital), M€	48.6	48.8	43.0	45.7	52.4
Risk-weighted items total for market- and credit risks, M€	188.1	177.3	166.9	184.8	162.9
Own funds surplus M€ including additional capital requirement	10.7	9.9	9.6	9.0	8.8
Capital adequacy ratio, %	15.1	16.2	15.0	15.3	19.2
Evli Bank Plc:s adequacy ratio, %	19.1	18.8	20.4	20.7	24.0
Own funds surplus M€	22.8	24.8	20.0	21.8	30.6
Own funds in relation to the minimum capital requirement	1.9	2.0	1.9	1.9	2.4

COMMON EQUITY TIER 1 CAPITAL, M€	2019	2018
Own funds include share capital, funds and retained earnings. These items are not subject to special terms.		
Common equity tier 1 capital		
Share capital	30.2	30.2
Funds total and retained earnings	32.7	30.1
Minority interest	0.0	0.0
Decreases:		
Intangible assets	14.3	11.4
Other decreases	0.0	0.0
Total common equity tier 1 capital	**48.6**	**48.8**

Based on the capital adequacy disclosure requirements (CRR article 431), the following required additional disclosures are presented in the financial statements in the following sections:

- Exposure to counterparty credit risk: Notes on risk position/ Credit Risk (counterparty risk)
- Credit risk adjustments: Notes on risk position/ General information on credit and dilution risk (standard model) and Techniques to reduce credit risk.
- Use of ECAIs: Notes on risk position/ General information on credit and dilution risk (standard model)
- Exposure to market risk: Notes on risk position/ Market risk
- Operational risk: Notes on risk position/ Operational risk
- Exposures in equities not included in the trading book: Notes on risk position/ Shares outside the trading book.
- Risk management objectives and policies: Risk management and internal control
- Unencumbered assets: Notes to balance sheet/ Assets pledged as collateral and other commitments
- Exposure to interest rate risk on positions not included in the trading book:

Risk management and internal control

- Remuneration policy: Governance / Renumeration policy
- Leverage: Risk management and internal control
- Capital requirements, adequacy of internal capital: Risk management and internal control.

MINIMUN REQUIREMENT OF OWN FUNDS

Minimun capital adequacy requirement by asset group, standard credit risk method	Own funds min. requirement	Risk-weighted value	Exposure value after credit risk deductions
Claims from the state and central banks	0.0	0.0	307.3
Claims from regional governments and local authorities	0.0	0.0	220.0
Claims from credit institutions and investment firms	3.2	39.6	164.7
Investments in mutual funds	2.0	25.6	25.6
Claims secured with property	0.1	0.9	2.7
Claims from corporate customers	2.7	34.2	36.8
Items with high risk, as defined by the authorities	0.1	0.8	0.6
Other items	6.6	82.8	82.6
Total	**14.7**	**183.9**	**840.3**
Minimum amount of own funds, market risk	0.3	4.2	0.0
Risk-weighted receivables, investments and off-balance sheet obligations, total	**15.0**	**188.1**	**840.3**
Minimum amount of own funds, operational risk	10.7	133.5	0.0
Total	**25.7**	**321.6**	**840.3**

Calculation of key ratios

Sales
Net interest income + commission income + net income from securities transactions and foreign exchange dealing + other operating income.

Net revenue
From Income Statement. Includes gross returns, deducted by interest and commission expenses.

Operating profit/loss
From Income Statement.

Profit for the financial year
From Income Statement.

Return on equity (ROE), %
= Profit / Loss for financial year / Equity capital and minority interest (average of the figures for the beginning and at the end of the year) x 100

Return on assets (ROA), %
= Profit / Loss for financial year / Average total assets (average of the figures for the beginning and at the end of the year) x 100

Equity ratio, %
= Equity incl. non-controlling interest's share of equity / Average balance total x 100

Expense/income ratio
= Administrative expenses + depreciation and impairment charges + other operating expenses / Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income

Earnings per Share (EPS)
= Profit for the year after taxes attributable to the shareholders of Evli Bank Plc / Average number of shares outstanding

Comprehensive Earnings per Share (EPS), fully diluted
= Comprehensive income for the year after taxes attributable to the shareholders of Evli Bank Plc / Average number of shares outstanding including issued share and option rights

Earnings per Share (EPS), fully diluted
= Profit for the year after taxes attributable to the shareholders of Evli Bank Plc / Average number of shares outstanding including issued share and option rights

Group´s capital adecuacy (CET1), %
= Group assets (common equity Tier 1 capital) / Risk-weighted items total x 100

Equity per share
= Equity attributable to the shareholders of Evli Bank Plc / Number of shares at the end of the year

Recurring revenue to operating costs ratio
= All revenues that are not transaction based but time dependant* / All operative expenses excluding reservation for bonuses from review period

*Asset management, fund fees, administration of incentive systems, research, custody and client net interest fees

Financial statements 1.1.-31.12.2019

Contents

The figures in the financial statement are presented in millions of euros, unless indicated otherwise.

Consolidated comprehensive income statement, IFRS

Accounting policies

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net sum formed after employee benefits expenses, other administrative expenses, depreciation, amortization and possible impairment losses, and other operating expenses are deducted from net revenue. All other items than the ones mentioned above are presented below operating profit in profit or loss.

Earnings per share

Undiluted earnings per share are calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average number of shares in circulation during the financial period, excluding Evli shares acquired and held by the Group during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares by the dilutive effect of the stock options granted under share-based incentive programs.

	Note	2019	2018
Interest income	1.1.	3.6	3.4
Interest expenses	1.2.	-3.2	-2.8
NET INTEREST INCOME		**0.3**	**0.7**
Income from equity investments	1.6.	0.0	0.3
Fee and commission income	1.3.	74.1	69.2
Fee and commission expenses	1.4.	-1.9	-2.1
Net income from securities transactions	1.5.	3.2	0.4
Other operating income	1.7.	0.1	0.1
NET REVENUE		**75.8**	**68.5**

	Liite	2019	2018
Operating expenses			
Personnel expenses	1.8.	-30.4	-27.9
Other administrative expenses	1.9.	-14.0	-16.0
Impairment charges on goodwill	1.11.	0.0	0.0
Depreciation and amortization on tangibleand intangible assets	1.11.	-3.6	-2.1
Other operating expenses	1.10.	-3.7	-3.6
Excpected credit losses on loans and other receivables	1.12.	-0.1	0.0
Impairment losses on other financial assets	1.12.	0.0	0.0
OPERATING PROFIT/LOSS		**24.1**	**18.9**
Share of profit or loss of associates	1.13.	-0.6	2.6
PROFIT BEFORE INCOME TAX		**23.5**	**21.5**
Income taxes	1.14.	-4.9	-4.2
PROFIT / LOSS FOR THE FINANCIAL YEAR		**18.6**	**17.3**
Attributable to			
Minority interest		1.4	1.3
Shareholders of parent company		17.3	16.0
PROFIT / LOSS FOR THE FINANCIAL YEAR		**18.7**	**17.3**
OTHER COMPREHENSIVE INCOME / LOSS			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		0.0	-0.2
Other comprehensive income/loss		**0.0**	**-0.2**
Other comprehensive income after taxes / loss for the year		0.0	-0.2
OTHER COMPREHENSIVE INCOME / LOSS FOR THE YEAR		**18.6**	**17.1**
Attributable to			
Non-controlling interest		1.4	1.3
Equity holders of parent company		17.2	15.8
Earnings / Share (EPS)	1.15.	0.73	0.69
Earnings / Share (EPS), fully diluted	1.15.	0.71	0.68
Diluted earnings / share IFRS, fully diluted	1.15.	0.71	0.67

Consolidated balance sheet, IFRS

ASSETS	Note	31.12.2019	31.12.2018
CASH AND EQUIVALENTS	2.1.	305.7	239.7
Financial assets measured at amortized cost			
Claims on credit institutions	2.2.	69.8	76.8
Claims on the public and public sector entities	2.3.	114.0	114.6
FINANCIAL ASSETS MEASURED AT AMORTIZED COST		**183.8**	**191.4**
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	2.4.	36.1	31.1
Debt securities	2.4.	227.6	223.2
Shares and participations	2.5.	31.5	30.1
Derivative contracts	2.6.	59.6	24.2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**354.8**	**308.6**
Other than financial assets			
Shares and participations in associates	8.2.	3.8	5.2
Intangible assets and goodwill	2.7.	14.3	11.5
Property, plant and equipment	2.8.	1.6	1.9
Other assets	2.9.	55.3	51.9
Accrued income and prepayments	2.10.	3.6	5.3
Deferred tax assets	2.11.	0.2	0.1
OTHER THAN FINANCIAL ASSETS, TOTAL		**78.9**	**75.9**
TOTAL ASSETS		**923.2**	**815.5**

LIABILITIES AND EQUITY	Liite	31.12.2019	31.12.2018
LIABILITIES			
Financial liabilities at amortized cost			
Liabilities to credit institutions and central banks	2.12.	1.9	6.7
Liabilities to the public and public sector entities	2.13.	551.6	469.9
Debt securities issued to the public	2.14.	148.6	160.9
FINANCIAL LIABILITIES AT AMORTIZED COST, TOTAL		**702.1**	**637.5**
Financial liabilities at fair value through profit or loss			
Derivative contracts and other liabilities held for trading	2.15.	59.7	24.3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		**59.7**	**24.3**
Other than financial liabilities			
Other liabilities	2.16.	58.0	58.0
Accrued expenses and deferred income	2.17.	21.7	18.1
Deferred tax liabilities	2.18.	0.0	0.0
OTHER THAN FINANCIAL LIABILITIES, TOTAL		**79.7**	**76.2**
TOTAL LIABILITIES		**841.5**	**738.0**
EQUITY	2.19.		
Share capital		30.2	30.2
Share premium fund		1.8	1.8
Fund of invested non-restricted equity		18.7	18.3
Other reserves		1.0	0.4
Translation difference		0.0	-0.2
Retained earnings		28.4	25.8
Minority interest		1.7	1.1
TOTAL EQUITY		**81.8**	**77.4**
Equity to holders of parent company		80.1	76.3
Non-controlling interest in capital		1.7	1.1
TOTAL LIABILITIES AND EQUITY		**923.2**	**815.5**

Consolidated statement of cash flow, IFRS

Accounting policies

Additional information to the cash flow statement

In the cash flow statement, the flows of cash and cash equivalents during the financial year are presented for all operations. Cash flow statement has been prepared in accordance with the indirect method, where cash inflows and outflows are reported primarily in gross terms. Cash flows are classified as cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Operating activities

Operating activities are the principal revenue-producing activities. Cash flows are primarily fees and interest received, and payments to providers of goods and services and personnel. Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Pending transactions and changes in the trading book are presented in net terms.

Investing activities

Cash flow from investing activities consists of investments in intangible rights such as software licenses and client agreements, and payments related to mergers and acquisitions.

Financing activities

Financing activities include payments from equity items to shareholders, share issues and payments of leasing liabilities.

Cash and cash equivalents

Cash assets consist of cash, and loans to banks payable on demand.

	2019	2018
Operating activities		
Operating profit	24.1	18.9
Adjustment for items not included in cash flow	9.5	4.0
Income taxes paid	-5.2	-4.4
Cash flow from operating activities before changes in operating assets and liabilities	**28.5**	**18.6**
Changes in operating asset, total	**-6.0**	**-15.5**
Changes in operating liablities, total	**64.8**	**-128.9**
Cash flow from operating activities	**87.2**	**-125.8**
Investing activities		
Change in intangible asset	-5.7	-2.2
Change in property, plant and equipment	-0.2	0.0
Cash flow from investing activities	**-5.9**	**-2.2**
Financing activities		
Dividends paid to company´s shareholders	-14.4	-12.2
Dividends paid to non-controlling interests in subsidiaries	-0.7	-0.6
Payment of finance lease liabilities	-2.7	-0.2
Acquisition of own shares	0.0	-0.1
Used option rights	0.4	0.0
Cash flow from financing activities	**-17.4**	**-13.1**
Cash and cash equivalents at the beginning of period	247.4	388.6
Translation difference	0.0	-0.1
Cash and cash equivalents at the end of year	311.4	247.4
Change	**64.0**	**-141.1**

Consolidated statement of changes in equity, IFRS

	Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Retained earnings	Total	Non-controlling interest	Total Equity
Equity 31.12.2017	30.2	1.8	17.5	0.1	22.0	**71.6**	0.9	**72.5**
Translation difference					0.0	**0.0**		**0.0**
Profit/loss for the period					16.0	**16.0**	1.3	**17.3**
Dividends					-12.2	**-12.2**	-1.0	**13.1**
Share options exercised			0.5			**0.5**		**0.5**
Acquisition of own shares			-0.1			**-0.1**		**-0.1**
Acquisition of non-controlling interest			0.5			**0.5**		**0.5**
Other changes			-0.2	0.2	-0.2	**-0.2**		**-0.2**
Equity 31.12.2018	30.2	1.8	18.3	0.4	25.6	**76.3**	1.1	**77.4**
Translation difference					0.0	**0.0**		**0.0**
Profit/loss for the period					17.2	**17.2**	1.4	**18.6**
Dividends					-14.4	**-14.4**	-1.1	**-15.5**
Share options exercised			0.4			**0.4**		**0.4**
Acquisition of own shares						**0.0**		**0.0**
Acquisition of non-controlling interest						**0.0**		**0.0**
Other changes				0.6		**0.6**	0.2	**0.8**
Equity 31.12.2019	**30.2**	**1.8**	**18.7**	**1.0**	**28.3**	**80.1**	**1.7**	**81.8**

The Group's equity capital is specified in Note 2.19. Equity capital.

Other changes from 2018 include the change in equity related to the closure of Evli Russia Ltd (-0.2 M€) and the fair value change (0.2 M€) arising from the granted option and share programs.

Other changes from 2019 include the change in equity related to the fair value change (0.6 M€) arising from the granted option and share programs.

Notes to the consolidated financial statements

Accounting policies

Basic information on the company

Evli Bank Plc is a bank specializing in investment whose clients are institutions, companies and present or future high net worth individuals. Evli Bank Plc and its subsidiaries form the Evli Group ("Evli" or "company"). Evli serves its clients in international groups in two business areas: Wealth Management and Investor Clients and Advisory and Corporate Clients. Evli's product and service selection include mutual funds, asset management, capital market services, alternative investment products, investment research, management of incentive systems, and M&A services. The company also offers banking services that support clients' investment activities.

Evli's head office is in Finland. In addition, the company operates in Sweden through a branch office of the Fund Management Company and its subsidiary Evli Corporate Finance Ab and in the United Arab Emirates through its subsidiary Terra Nova Ltd.

The Group's parent company is Evli Bank Plc. The parent company is domiciled in Helsinki and its registered address is Aleksanterinkatu 19 A, 00100 Helsinki.

A copy of the consolidated financial statements can be obtained from **www.evli.com** or from the parent company's head office at Aleksanterinkatu 19 A, 00100 Helsinki.

Basis for preparation of the financial statements

The consolidated financial statements have been prepared in compliance with IFRSs (International Financial Reporting Standards), approved for application in the EU, and IASs (International Accounting Standards) valid at the end of 2019, together with their respective SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations. In addition, Finland's accounting and limited liability company legislation and official regulations have also been considered in preparing the consolidated financial statements. The figures in the financial statements are presented in millions of euros, unless indicated otherwise. The consolidated financial statements have been prepared based on historical cost, with the exception of financial assets and liabilities recognized at fair value through profit or loss, and derivative financial instruments.

During a financial year, the figures are presented in interim reports so that the income statement items are compared with the corresponding period of the previous year while the comparison of balance sheet items relates to the end of the previous year, unless specified otherwise.

Capital adequacy is calculated according to the Basel III standards. The term Basel III is used in the financial statements to mean the EU's Capital Requirements Regulation 575/2013 and the related additional regulations issued by the European supervisory authority and international supervisory authorities.

The accounting policies apply to 2019. The accounting policies for comparative figures are presented in the 2018 Financial Statements. Additional information: **www.evli.com/investors**

Translation of items denominated in foreign currency

The figures showing the profit/loss and financial position of the Group's units are measured in the currency used in each unit's main functional environment ("functional currency").

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Monetary balance sheet items are translated into the functional currency at the rate prevailing on the balance sheet date. Exchange rate differences arising in connection with the valuation are included in net income from foreign exchange.

The income statements of foreign Group entities are translated into euros at the weighted average rates for the period, and the balance sheets at the rates prevailing on the balance sheet date. In the consolidated income statement and balance sheet, the translation differences resulting from the use of different rates for the translation of Group results for the period is recognized in income and expenses recognized directly in equity and presented under equity. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from post-acquisition cumulative changes in equity items are recognized in income and expenses recognized directly in equity and presented under equity. When a subsidiary is disposed of wholly or partly, the cumulative translation differences are recognized in profit or loss as part of gains or losses from disposal.

Leases

Leases of property, plant and equipment in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. An asset leased under a finance lease is recognized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. An asset leased under a finance lease is depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the interest expense and the reduction of the outstanding liability during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period. Finance lease liabilities are included in other liabilities. During the financial period, the Group had no valid financial leases.

In accordance with IFRS16, related leases are treated as described above way. Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as other leases. Payments made on other leases are recognized in profit or loss on a straight-line basis over the lease term.

Financial assets and liabilities

The Group's financial assets and liabilities are classified in accordance with the IFRS 9 Financial Instruments standard. Under the IFRS 9 standard the classification of financial assets is based on the business model and the type of contractually accrued cash flows. The business model reflects how a group of financial assets are managed in a business unit in order to meet a certain financial objective. The following are the classification groups:
- Financial assets measured at amortized cost
- Financial assets measured at fair value through comprehensive income
- Financial assets measured at fair value through profit or loss.

A financial asset is classified at **amortized cost** if the following criteria are met:
- the aim of the business model is to collect contractual cash flows
- the contractual cash flows only contain payments of principal and interest (i.e. a debt instrument).

A financial asset is classified at fair value through comprehensive income if the following criteria are met:
- the aim of the business model is both to collect contractual cash flows and to sell them
- the contractual cash flows only contain payments of principal and interest (i.e. a debt instrument).

All other financial assets are classified at fair value through profit or loss, for example equity instruments. With respect to shares and participations not in the trading book, the company can make a decision on an individual instrument basis if the instrument is classified as a financial asset that is recognized at fair value through comprehensive income. An example of this is unquoted shares. However, bond investments that should otherwise be classified in the group "at fair value through comprehensive income" can be classified at fair value through profit or loss using the fair value option if this classification can be used to remove an accounting imbalance.

Evli applies the fair value option in classification, and measures all financial instruments, including shares and participations, at fair value through profit or loss as a general principle.

Financial assets are reclassified only if a business unit's operating model changes substantially. Previously recorded profits and losses are not changed retrospectively.

In the measurement of own debt instruments; changes in measurements associated with a change in credit risk must be reported under equity under IFRS 9. Evli does not measure its own debt at fair value.

Financial liabilities are measured at amortized acquisition cost, or at fair value through profit or loss.

The classification is done when a financial instrument is recognized initially. An impairment based on expected credit losses is recognized in conjunction with the recognition of financial assets that are classified at amortized acquisition cost.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Group has transferred substantially all the risks and rewards of ownership of the financial asset to an external party. Financial assets and liabilities are recognized according to the trade date. A financial liability is derecognized when the obligation specified in the contract is discharged.

A financial asset and a financial liability shall be offset only when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. There are no substantial offset items in the consolidated balance sheet.

The Group's measurement process for financial instruments is approved by Evli Bank's Board of Directors. The measurements are based on IFRS 9 and IFRS 13, and on the Financial Supervisory Authority's regulation 1/2013: Bookkeeping in the financial sector. The bank's financial administration together with risk management administers the Group's measurement process which includes the inspection and validation of valuation prices, checking the parameters used in measurement, and classification of financial instruments in accordance with the standard. Every quarter, the bank's Audit Committee audits and submits for approval by the Board of Directors the measurement of equities and units for which no market value is available (instruments in measurement level 3 and associate companies).

Financial assets

Equity investment and derivatives

Financial assets recognized at fair value through profit or loss

The Group's equity investments and derivatives are all classified at fair value through profit or loss as a general principle. This group includes equities and derivatives in the trading book, and longer-term mutual fund and equity investments by Group Operations. Unrealized and realized gains and losses arising from changes in the fair value are recognized in net income or loss from securities trading in profit or loss for the period in which they were incurred.

Financial assets recognized at fair value through comprehensive income

There were no equity investments recognized through comprehensive income in the consolidated balance sheet on the balance sheet date.

The value of financial assets at fair value is determined on the basis of prices quoted on active markets, i.e. bid quotations on the balance sheet date and closing prices. In cases where price quotations are not available from active markets, the fair value is determined using common theoretical measurement models.

Common derivatives pricing models are used in the pricing of unquoted derivatives, or the price is obtained from the counterparty in the case of an OTC-instrument.

The fair value of unquoted shares is estimated primarily using the instrument's net asset value or using a cash flow analysis based on future outlook. If the company's share has been traded, this price information is used in the assessment. If the acquisition price of an unquoted investment falls short of the theoretical valuation, in individual cases, the instrument's acquisition price may be used as the measurement principle, subject to consideration. The acquisition price may be used if other sufficient or sufficiently accurate information does not exist for making the measurement.

In measurement of private equity funds and real estate funds the fund's management company's most recently published valuation price, which is usually published four times per year, is used.

Debt instruments

Financial assets recognized at fair value through profit or loss

The Group's investments in bonds and money market instruments are all classified at fair value through profit or loss as a general principle. The Treasury function's investments in bonds and other interest-bearing papers, including items in the liquidity reserve and the corporate bond investments of the trading book, are included in this group. Unrealized and realized gains and losses on bonds arising from changes in the fair value are recognized in net income or loss from securities trading for the period in which they were incurred. Changes in the value of money market instruments are recognized as fixed income returns or expenses.

Financial assets recognized at fair value through comprehensive income

The Group has not classified bond investments as financial assets recognized at fair value through comprehensive income.

The value of interest-bearing papers measured at fair value is determined on the basis of prices quoted on active markets, i.e. bid quotations on the balance sheet date and closing prices. The fair value of money market instruments is calculated by discounting cash flows with the relevant interest curve, and with the yield spread that was valid on the day of acquiring the instrument. For unquoted bonds, a price quotation issued by an individual bank or operator is used, or the price of the interest-bearing paper is calculated by Evli Bank in such a way that the instrument's return requirement corresponds to the return requirement of similar instruments with the same risk level.

More detailed information on measurement of financial assets measured at fair value through comprehensive income is available in note 7.3.

Financial assets measured at amortized cost

The Group's lending, including promissory notes and accounts with credit facility, receivables from credit institutions and other financial assets are classified under financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at fair value inclusive of expenses immediately caused by the acquisition. After initial recognition, the items are measured at amortized cost using the effective interest rate method. This refers to the interest rate at which the future payments that are expected to become payable or receivable during the financial instrument's assumed exercise period are discounted to the level of the financial instrument's net book value. The book value is adjusted by a credit loss provision using the expected credit loss measurement model (see next section Impairment of financial assets).

Impairment of financial assets

Calculation of expected credit loss is used in impairment of financial assets, where credit losses are recognized already in conjunction with granting of loans and on reporting dates. In the impairment model, the change in the quality of the credit is evaluated after original recognition according to a three-phase model. The expected credit loss calculation is applied to financial assets that are measured at amortized cost, such as granted loans. Impairments also concern off-balance sheet commitments, such as unused credit facilities. Impairment is not applied to financial assets measured at fair value, unless they are measured at fair value through comprehensive income. A simplified calculation method has been devised for sale and rental receivables.

Expected credit losses (ECL) are calculated using the following formula with weighted probabilities: Liability * PD (probability of default) * LGD (loss % of liability when realization of collateral is included). The ECL is an indicator of the bank's estimate of how much less cash flow it will receive on the loan than it should under the contract. The probability of loss is estimated using various statistical methods such as analyzing the bank's loan portfolio and its loss history, and a wider group with a credit risk that is assumed to be similar. In the calculations, an estimate of the future market environment and its trends must also be used.

In IFRS 9, credit losses are measured using a three-phase model. In the first phase, the likelihood that the debtor will experience payment issues within the following 12 months is estimated. Phase 1 includes items where credit risk is estimated not to have materially increased after initial recognition or the credit risk of the item is estimated to be low. If the debtor's credit risk has materially increased after initial recognition, expected credit loss is estimated for the entire duration of the contract (phase 2). Assets in phase 3 are assets with impaired value regarding which matters have already come to light that will have a negative impact on future cash flows, including the insolvency of the counterparty.

In a situation in which already impaired loans and receivables are purchased, the model in which the expected credit loss is estimated for the entire exercise period is directly applied.

The loss provision is presented in the income statement on its own row. The fixed income returns on financial assets are presented for gross principal for financial assets in phases 1 and 2, and for net principal, i.e. after provisions, for items in phase 3.

Factors that influence the estimation of counterparty credit risk include overdue payments and contract violations, negative changes in the counterparty's financial situation and credit rating and material changes in macroeconomic

Distribution of financial assets IFRS 9

Financial assets	Measured at amortized cost; expected credit loss calculation applied	Receivables from credit institutions and central banks	
		Receivables from the public; lending	- Promissory notes from individuals and corporate entities - Accounts with credit facility, individuals and companies
	Financial assets measured at fair value through profit or loss	Financial assets held for trading	- Shares and participations, quoted - Derivatives - Bonds
		Other financial assets measured at fair value through profit or loss	- Shares and participations, quoted and unquoted - Bonds and money market instruments - Mutual funds - Private equity and real estate funds
	Financial assets measured at fair value through comprehensive income	The Group has not classified assets in this group	

factors that have a direct influence on the borrower's solvency.

A loan is recognized as non-performing when more than 90 days have passed without the borrower paying interest or making repayment or if it is estimated that the borrower is unlikely to perform on its future payment obligations.

The impairment is recognized as a credit loss when the debtor has been found insolvent in bankruptcy proceedings, it has closed down operations or the receivable has been forgiven in a voluntary or statutory loan arrangement.

Additional information on impairment and the calculation model is provided in note 5. IFRS 9: Expected credit losses.

Financial liabilities

Financial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value based on the consideration received inclusive of expenses immediately caused by the acquisition. After initial recognition, financial liabilities such as bonds issued by the company, deposits by the public and other financial liabilities are measured using the effective interest rate method at amortized cost.

Financial liabilities recognized at fair value through profit or loss

Liabilities recognized at fair value through profit or loss include shorted equities and derivative liabilities held for trading, such as set stock options.

The fair value of liabilities measured at fair value through profit or loss is determined principally on the basis of prices quoted on active markets, i.e. asking prices quoted on the balance sheet date and closing prices on the balance sheet date. In cases where price quotations are not available from active markets, the fair value is determined using common theoretical measurement models.

In securities lending occurring in conjunction with shorting shares, the securities are retained in the original owner's balance sheet.

Distribution of financial liabilities IFRS 9

Financial liabilities	Financial liabilities measured at fair value through profit or loss	- Derivative contracts - Shorted shares
	Other financial liabilities, at amortized cost	- Deposits by financial institutions - Deposits by the public - Issued bonds - Other financial liabilities

The liability corresponding to assets acquired with financial leasing agreements is included under other liabilities

Hedge accounting

The Group does not apply hedge accounting in accordance with IFRS 9 in the financial statements.

IFRS 15 Revenue from contracts with customers

The IFRS 15 guidance applies to all revenues collected from clients that are not processed in accordance with other IFRS standards such as IFRS 9. Interest and dividend income are also examples of revenue items that do not come under IFRS 15. According to IFRS 15, revenue is recognized when a company transfers control of goods or services to a customer either over time or at a point in time.

Key revenue streams that fall under the standard and are based on client contracts have been analyzed using the five-step model. The client contract on which the stream is based and any performance criteria on which fees are based have been identified for each revenue stream. The fee charged has then been allocated to each performance criterion and the revenue recognition principles have been built around meeting the criteria. Breakdown of revenue in accordance to IFRS standard between overtime and at a point in time recognized revenue is shown as part of the segment reporting.

IFRS 16 Leases

IFRS 16 Leases has been adopted retrospectively as of January 1, 2019. However, as permitted under the specific transition provisions in the standard, the comparatives for the 2018 financial period have not been restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019.

In conjunction with the adoption of IFRS 16, the company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. The liabilities were measured at the present value of the remaining lease payments. When considering the present value, an estimate of index-based increases in future periods is taken into account. Future cash flows have been discounted to present value using a discount rate selected by the company. The company has not calculated a separate interest component for the assets required for financing the lease liabilities due to the company's low funding costs and excess liquidity. The liability entered in the balance sheet decreases in a linear manner over time.

Evli has applied, for example, the following practical expedients permitted by the standard when implementing IFRS 16:
- use of a single discount rate for a portfolio of leases with reasonably similar characteristics,
- exclusion of leases with a lease term of less than 12 months,

- use of hindsight in determining the lease term where the contract contains options to extend the lease.

Evli has analyzed its contract portfolio taking into account the IFRS 16 standard that will enter into force. Based on the analysis, the IFRS 16 standard mainly applies to leases of premises that the company has previously treated as operating leases under IAS 17. Typically, lease contract terms range between two and five years and may contain an option to extend the lease term. Evli has negotiated individual contracts with potentially differing terms and conditions for each location.

The impact of the IFRS 16 standard on the Group's other assets and other liabilities at the end of the year was EUR 4.9 million. Potential options to extend current leases have not been considered due to uncertainty related to the use of those options.

MEASUREMENT OF LEASE LIABILITIES	2019
Commitments related to leases on 31.12.2018	7.0
Less (-) short-term leases not recognized as a liability	0.0
Less (-) leases of low-value assets	0.0
Add/less (-): contracts reassessed as lease contracts	0.0
Add/less (-): adjustments as a result of a different treatment of extension and termination options	0.0
Add/less (-): adjustments relating to changes in the index or rate affecting variable payments	0.0
Lease liability recognized on 1.1.2019	**7.0**
Of which are:	
Current lease liabilities	2.2
Non-current lease liabilities	4.8
Lease liability (right-of-use assets) according to balance sheet on 31.12.2019	**4.9**
Of which are:	
Current lease liabilities	2.2
Non-current lease liabilities	2.7

Matters requiring management judgement

The drawing up of financial statements in accordance with IFRS standards requires that certain accounting assessments are made. In addition, management must use its judgement. Judgement affects the choice of accounting policies and their application, the amount of assets, liabilities, revenues and expenses to be reported and the notes that must be presented. The management will exercise its judgement on the basis of estimates and assumptions that are based on earlier experience and the best view available to it on the balance sheet date especially concerning the future performance of the investment services market. Estimates and decisions based on judgement are constantly monitored and they are based on actual performance and certain other factors such as expected future events that are reasonably anticipated to occur considering prevailing circumstances. Actual performance may deviate from estimates.

At Evli, the most significant estimates concern the impairment testing of goodwill and the measurement principles of theoretically measured financial instruments. Further information on them is provided in the note in question, under the title Management judgement.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation.

Adoption of new and amended standards and interpretations applicable in future financial years

New standards are not expected for the next financial year that would have a significant impact on Evli Group´s accounting policies.

Risk management and internal control

Evli's values and open, appropriate communications support the integrity and high ethical standards of Evli's operations. The company's organizational structure, clear responsibilities and authorizations, and competent employees enables to plan, execute, control and monitor the business operations in order to meet the goals.

Risk management refers to actions that systematically seek to assess, identify, analyze and prevent risks. The objective of risk management is to:

- ensure the sufficiency of own assets in relation to risk positions
- maintain the financial result and the variation in valuations within the set objectives and limits
- price risks correctly to reach sustainable profitability.

Organization of the control operations

Evli Bank's Board of Directors is primarily responsible for the Evli Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the Group's risk limits and other general guidelines according to which the risk management and internal control is organized. The Board has also appointed a credit and asset liability committee (Credalco), that briefs it on risk-taking matters. Its members during the financial year 2019 were Kristian Nybergh (Chairman), Juho Mikola, Kim Pessala and Maunu Lehtimäki; expert members were Mari Etholén, Jarkko Heikkilä, Bengt Wahlström and Jan-Erik Eriksson.

Evli Group's risk management is founded on the "three lines of defense" model:

1. The first line of defense consists of the business units. The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit.

2. The second line of defense consists of Risk Control and Compliance functions. The Risk Control function oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk-taking policies and guidelines. The Risk Management function reports on findings to Credalco, the Executive Group and the company's Board of Directors.

The Compliance function is responsible for ensuring compliance with the rules in all of the Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules.

3. The third line of defense is internal audit. The internal audit is a body that is independent of business operations, supports the Board of Directors and the senior management, and is organized administratively under the CEO. The internal audit assesses the functioning of the Evli Group's internal control system, the appropriateness and efficiency of its operations, and the compliance with guidelines, through audits that are based on a plan of action for internal auditing that is confirmed annually by the audit committee of Evli Bank's Board of Directors.

Additional information about the organization of Evli Bank's control operations Corporate Govenance Statement on pages 131-138.

Risk management and the largest risks

Evli operates in a constantly changing market environment, which subjects the company to risks caused by changes in the business environment or the company's own operations. The risk factors described below might have a negative impact on the business operations or financial situation of the company, and hence its value. Also, other risks, unknown to Evli at this time, or risks not considered significant at this time, might become significant in the future.

Evli divides risks into three main categories:

1. **Financial risks**: market, credit and liquidity risks
2. **Operational risks**: legal, compliance and information security risks
3. **Strategic risks**: deployment of new products and services and outsourcing of operations.

Financial risks

Financial risk is a risk caused by the operating environment of the company and any market changes therein, and the nature of the company's business. Financial risks include market risk that contains equity, currency and interest rate risk as well as credit and liquidity risks.

Market risks

Evli is conservative when it comes to direct market risks and taking market risks is not considered as a real source of income for Evli. According to Evli's market risk strategy, market risks should not have a significant impact on Evli's profit under normal market conditions, and market risks should not under any circumstances endanger Evli's continuity or profitability.

Equity risk

Equity risk means the sensitivity of Evli's profitability and the market value of the balance sheet to the changes in the general price level of the stock market.

Evli's direct equity risks consist of Corporate Finance operations, temporary position of the brokerage business and strategic investments. In the Corporate Finance and brokerage business there were no equity positions on December 31, 2019.

Most of the strategic investments are private equity funds, where Evli has either developed the product and/or acted as the distributor, seed capital investments into Evli Fund Management Company's mutual funds, hedges associated with business operations or difficult-to-sell equities obtained in corporate transactions. The direct equity risks are presented in table 1.

Share-based incentive plans administered under agreement on behalf of clients are implemented by purchasing shares of the client companies in question. Due to contractual arrangements made with clients, this arrangement does not pose an equity market risk to Evli. The credit risks and counterparty risks generated by changes in the market prices are monitored separately. The monitoring procedure is described in the paragraph Credit risks.

5.0 percent of the value of the entire investment portfolio and the trading book has been valuated using theoretical valuation methods, since no market price has been available. Information about the methods used in the valuation of the investment instruments is presented in the accounting policies in the financial statements. Instruments measured by theoretical means were recognized entirely through profit or loss during the financial year, because the maturity periods of theoretically measured agreements are short, and the accounting parameters used are primarily based on information from the markets.

Evli's business involves an indirect equity risk resulting from the business operations of Evli Fund Management Company and the Wealth Management and Investor Clients segment. The stock market affects the allocation, size and returns of the capital managed in these business operations.

Currency risk

Evli's Treasury manages the currency risk of the balance sheet. The currency risk limit is defined by currency and total gross amount. The gross total currency position may not exceed four million euros without an authorization from Credalco. The maximum total currency position is six million euros, subject to Credalco's permission. The currency position on December 31, 2019 is described in more detail in the Other notes section 6.4. Market risk.

Interest risk

Interest risk means the sensitivity of the current value in the balance sheet to the changes in the general interest rate. Interest risk arises as a result of fixed income investments of the financial activities, trading book, derivatives market-making and strategic investments, which are seed capital investments into Evli Fund Management Company's interest funds. The interest risks are presented in table 2.

The basic scenario, (Scenario A) measures the effect on the current value of the balance sheet, if the interest rate changes linearly by one percentage point. Another scenario (Scenario B), that is used for measuring the fixed income investments of the bank's financial activities, measures the effect of the change in the slope of the interest rate curve to the market value in the balance sheet. In Scenario B, the short interest rates changes by one percentage point, and at the same time, the over one year interest rates changes in the opposite direction by 0.5 percentage points. The net result from Scenario A and B is added up, and the result indicates the total sensitivity of the

Table 1: Equity risks December 31, 2019, M€

Business operations	Market value	Effect of a 20% change in the stock market to the financial result
Brokerage	0.0	0.0
Strategic investments	8.0	-1.6
Corporate Finance	0.0	0.0

Table 2: Interest risks December 31, 2019, M€

Business operations	Market value	Scenario A	Scenario B	Total
Assets – Financial activities	775.6	-1.2	0.1	-1.3
Liabilities – Financial activities	727.3	0.6	0.0	0.6
Strategic investments	0.3	-0.0		-0.0

financial activities to interest rates. The interest rate risk, taking into account assets and liabilities, was EUR 0.6 million on December 31, 2019. In the other operations the interest risks were not significant.

Credit risks

According to Evli Bank´s credit risk strategy, taking credit risks is not Evli's primary source of income, but a consequence of other businesses, and under no circumstances can credit risks jeopardize Evli's continuity. Credit risks arise from the bank's financial activities, trading book and the counterparty risk of trading.

The credit risk in Evli Bank's financial activities consists of client lending, investments of the financial activities and the counterparty risk of currency/interest rate hedging. The purpose of lending is not to be the primary source of income alone, but lending focuses on the clients of Evli's Wealth Management, and loans must have corresponding collateral. Acceptable collateral includes cash, liquid shares, mutual funds, bonds and structured products. Not all of these products are eligible for deduction in the standard method used by Evli to assess the credit risk. The concentration risk in lending is limited to five million euro per individual client entity.

The rest of Evli´s assets of banking operations are invested primarily in securities issued by the Government and other public-sector bodies as well as banks and credit institutions operating in the Nordic countries or with at least a credit rating A-. Investments in credit institutions focus on credit institutions operating in the Nordic countries. In addition, the Treasury unit may invest in capital debt instruments or funds investing in them, taking into account the solvency and liquidity ratio. Credalco limits the total amount of direct corporate debt instruments made by Treasury. At the end of 2019 the limit was EUR 10 million. In addition, the Treasury may invest in Evli's fixed income funds, where the maximum investment per fund is EUR 10 million according to the limits of the Board of Directors.

The counterparty risk of currency and interest hedges is managed with daily collateral management. Only cash is qualified as collateral of counterparties in currency and interest rate hedging. As a result, the credit risks of financial operations are at a moderate level. The limits of financial operations are set by taking into account, among other factors, the credit rating and geographical location of the issuer.

Credit risks of brokerage activities were low during the financial year. The counterparty risk of derivatives operations is managed by means of daily collateral management for standardized and non-standardized derivatives contracts. Evli monitors the size of the counterparties' derivatives positions and, if necessary, limits the size of the derivatives positions of an individual counterparty. Credalco gives its approvals to all counterparties with whom non-standardized derivatives agreements are made. Derivative claims on marketplaces on December 31, 2019 were EUR 8.6 million. The customer portfolios held by Evli have been set as collateral. Evli, on the other hand, places cash on the marketplace as a guarantee. Clients did not have significant collateral deficits at the turn of the year.

Table 3: Credit risks December 31, 2019, M€

	Market value	Collateral	Type of collateral
Financial activities			
Lending	115.1	481.8	Clients' portfolios
Investment activities			
Finnish municipal paper	220.0	0	
Banks (minimum credit rating A-)	37.5	0	
Banks (No credit rating)	0.0	0	
Corporate Bonds (direct)	6.0	0	
Corporate Bonds (mutual funds)	23.0		
OTC derivatives between banks	-22.9	1.2	Cash
OTC derivatives between Evli and funds	16.0	64.2	
Trading book	0		

The risks of share brokerage clearing were low during the financial year. The amount of matured sales receivables were low and were monitored with a standardized process. Table 3 summarizes the credit risks. In addition, the credit risk position is described in more detail in the Other notes sections 6.4.-6.6.

Liquidity risks

As with other financial risks, the risk-taking regarding liquidity risks is conservative, and Evli's liquidity cannot be compromised under any circumstances. According to the liquidity risk strategy, there must be an additional buffer over the regulatory requirements.

Evli Bank Plc's Board of Directors confirms the limits for using tied-up capital. Proposals for these limits are prepared by Credalco. In its funding operations, Evli must always be prepared to ensure that its liquidity matches the set limits. The Treasury function is responsible for managing the liquidity risk. The liquidity risk is monitored for example by having the risk management unit of the Group follow the maturity distribution of assets and liabilities and reporting this to the Executive Group, Credalco and the Board of the company. Assets and liabilities of the Group are presented in the Other notes section 7.1. Maturities of financial assets and liabilities.

Most of the expenditure in 2019 consisted of lending and the Treasury functions investment portfolio. Other factors tying up capital were the collaterals for clearing and derivatives operations.

The Liquidity Coverage Ratio (LCR) entered force on October 1, 2015. The requirement describes the extent of the bank's liquid assets with relation to net outflows that take place in a stress situation in a 30-day period. The net outflows include outflows of savings and other funding, and can be offset by inflows, such as receivables falling due in 30 days.

As the LCR entered force, the ratio had to be at least 100 percent. Evli Bank's Board of Directors has set, that the ratio has to be at least 110 percent.

The LCR calculation and its results are described in more detail in the Other notes section 7.7 Liquidity Coverage Requirement (LCR).

Furthermore, Evli's internal liquidity adequacy assessment process (ILAAP) has been developed to meet the requirements of authorities.

Leverage ratio

Leverage ratio describes the ratio of Tier 1 capital to the total exposures. The total exposure includes the exposure values of all assets and the amount of off-balance sheet items which have not been subject to decreases when determining the amount of own funds. Off-balance sheet items are included in the calculation according to the credit counter-value ratio and derivatives according to the exposure value. The leverage ratio of Evli Group was 5.2 percent on December 31, 2019.

Operational risks

Operational risks mean a direct or indirect danger or financial loss that is caused by insufficient or failed internal processes, systems, personnel or external factors. Operational risks also include legal risks and compliance and data security risks. Therefore, operational risks are associated, for example, with the management system, operative processes, information systems, persons and various external factors or threats. Each unit is responsible for managing the operational risks of their respective areas. According to the risk management strategy, all relevant operational risks must be identified and mitigated to the level that Evli's continuity or profitability is not compromised.

Evli pays continuously special attention to the identification, monitoring and control of operational risks. Business units carry out regular self-assessments of the operational risks of products, services, persons, operating processes and systems. Evli has prepared a separate group-wide standard operating procedure for identifying, assessing, controlling and reporting operational risks.

Operational risks increase the requirement for minimum capital in the capital adequacy calculation. In its capital adequacy calculation, Evli uses the Basic Indicator Approach for operational risks, where the capital requirement of operational risks is based on the average gross income from the preceding three years multiplied by the factor set by the Basel committee (0.15). The calculation of the solvency requirement is described in the Other notes section 6.8. Solvency Supplement.

Legal and compliance risks

Rapid changes in legislation and legal praxis pose challenges to the implementation of guidelines and regulations. Changes often require a lot of time and effort. The primary responsibility for compliance with specific laws and governmental regulations applicable to the different Evli companies always rests with the line management in charge of the function in question. Moreover, Evli's Board of Directors has appointed a Compliance Officer, and the Executive Group has designated a Compliance Steering Committee whose members represent the various business functions.

Information security risks

Evli's operations are based to large extent on the utilization of information technology and telecommunications. One of the key objectives of all Evli functions is the efficient, error free and secure processing of information in a variety of formats. Evli handles and stores substantial amounts of information that is designated as confidential under applicable law, guidelines or contracts or otherwise requires special security arrangements. The confidentiality, accuracy and usability of such information must be protected at all times. To manage information risk, it is necessary to ensure that information systems function properly and reliably and to pay particular attention to the correctness of information updated in databases and to the management of access rights.

Information asset owners are primarily responsible for protection of the information assets at Evli. Information protection includes the correctness, availability and confidentiality of data. The system administrator is the person who takes care of the technical maintenance tasks required for the system. Evli's Information Management is responsible for organizing the maintenance of Evli's systems. Technical maintenance is planned and executed in collaboration with the information system owner and its administrator. For this reason, a specific "Information Security Policy" that addresses information security and related procedures has been prepared for the management of operational risks related to information systems and information security. No financial losses were sustained in 2019 as a result of misuse of information systems or disturbances affecting them. In addition to arranging normal asset protection, Evli has comprehensive insurance coverage for liability and criminal losses.

Strategic risks

New products and services

Safe introduction of new products and services requires that, prior to making the final decision on introduction, assurance has been obtained that all units participating in the delivery of the product know their respective duties and that they have made the function in question aware of any operational and other risks involved in launching it on the market. The indirect effects of the realization of risks on the whole Group need to be assessed with particular care. Evli uses a standardized procedure concerning the approval and introduction of new products and services.

Outsourcing operations

The delegation of business operations to agents or other outsourcing of operations does not relieve Evli of its responsibilities or obligations. Evli has adopted guidelines regarding the principles that must be complied with when Evli's business operations are delegated outside the Group. These guidelines ensure that the management and monitoring of operational risks relating to the outsourced functions is arranged in the manner required by the Financial Supervisory Authority.

Continuity management

Evli's operations may be threatened by external or internal crises of a physical or other nature. In crisis situations, an organization must:

- be prepared
- have crisis management capability
- have prepared by means of drills.

To ensure operational continuity, each function has a continuity plan. The purpose of continuity planning is to ensure that, in the event of certain threats materializing, it is possible to ensure the safety of Evli's clients and employees, to protect tangible and intangible property, to comply with the law and other regulations, to maintain the targeted level of customer service and internal operations and to preserve the trust of stakeholders.

Each continuity plan will include system recovery plans, including guidelines on how to get information systems into operating condition in situations of severe failure, how to continue operations and how to return operations to normal.

Evli has compiled a Recovery Plan that complies with official requirements. The law states that each bank must have a Recovery Plan that describes the measures that will ensure the continuation of operations if the bank's financial position weakens.

The coordination of continuity planning is the responsibility of the Group Risk Control unit.

Risk monitoring and reporting

The Group Risk Control unit is responsible for corporate-wide risk reporting, which consists of both numerical and written reports. The reports include at least the following:

1. Daily report to the Executive Group on the utilization of corporate limits
2. Monthly numerical and verbal risk management report and summary of customer exposure and limit utilization to Credalco
3. Quarterly numeric and verbal summary of risks to Evli Bank's Board of Directors
4. Annual operational risk assessment report to the Executive Group and the Board of Directors.

In addition, the Compliance function and the internal audit report regularly on risk management matters to the top management.

Managing capital adequacy

An essential element of the regulations is compliance with the solvency requirement set by the regulations and the Internal Capital Adequacy Assessment Process (ICAAP). The capital adequacy regulation is based on the principle that the quantity, quality and allocation of the bank's own assets must be continuously sufficient to cover the material risks applying to the supervised party. It is not possible, however, to use capital to replace deficiencies in the qualitative aspects of risk bearing capacity. Broadly speaking, risk bearing capacity includes not only capital and profitability, but also reliable management, well-organized internal control and risk management.

Evli Bank's Board of Directors has set a target of maintaining at least a 13.0 percent BIS capital adequacy. This target is monitored by means of the Group Risk Control´s monthly reports to the Board of Directors, the Executive Group and Credalco. Evli's internal capital adequacy management calculations are updated as deemed necessary by the management. However, this updating takes place at least once a year as part of strategic planning during the budgetary process.

Notes to income statement

Accounting policies

Interest income and expenses

Interest income and expenses are calculated using the effective interest rate method. In recognizing an impairment loss on a contract classified as a financial asset, the recovery of interest is continued at the lowered accounting balance using the original effective interest rate of the contract. If the receipt of interest is unlikely, it is recognized as an impairment loss. Interest income obtained from financial assets is recognized as interest income.

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred. The directly attributable transaction costs of a certain borrowing are included in the original amortized cost of the borrowing and are amortized as interest expense by using the effective interest method or, if necessary, by following a formula whose result can be deemed as being sufficiently near the sum calculated by using the effective interest method.

1.1. INTEREST INCOME	2019	2018
At fair value through profit or loss		
Debt securities	0.6	0.6
Derivative contracts	0.0	0.0
Interest income from other loans and claims		
Claims on credit institutions	0.2	0.1
Claims on the public and public sector entities	1.6	1.5
Other interest income	1.2	1.2
Interest income, total	**3.6**	**3.4**

1.2. INTEREST EXPENSES	2019	2018
At fair value through profit or loss		
Derivative contracts and trading liabilities	0.0	0.0
Interest expenses from other borrowing		
Liabilities to the public, public sector entities and credit institutions	-2.0	-1.7
Debt securities issued to the public	-0.5	-0.5
Other interest expenses	-0.7	-0.6
Interest expenses, total	**-3.2**	**-2.8**

Accounting policies

Revenue recognition

Management fees obtained from management of funds are taken into account in the funds' daily values and are invoiced monthly.

Commissions from asset management are accrued monthly and are invoiced in arrears in one- three-, six- or twelve-month periods. The performance-based fees relating to asset management are recognized only after the amount can be assessed reliably.

Income from projects related to Corporate Finance operations are invoiced monthly. In addition, a project manager may be eligible for a separate commission in projects that result in a transaction. These commissions are recognized as profits for the financial year in which the transaction is executed and the right to the commission is realized. The expenses arising from a project and the loss that can be expected are expensed immediately.

Other advisory commissions including administration of incentive programs and research services are invoiced monthly, quarterly or annually. Fees are amortized evenly for the period in which the work is carried out.

Securities brokerage transactions are recognized according to the trade date.

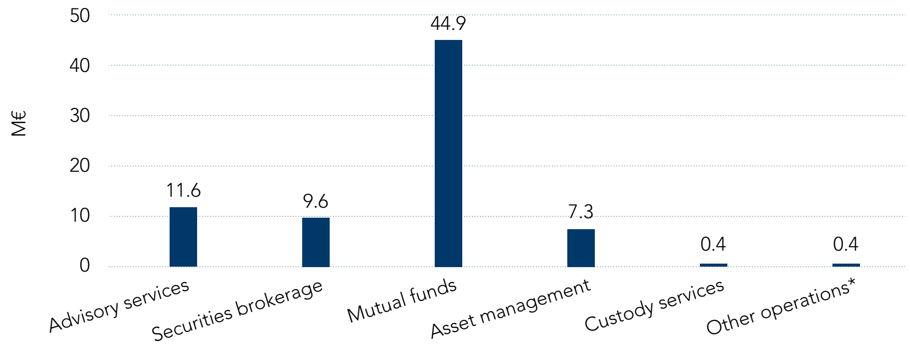
The calculatory commission from issued equity linked notes is recognized immediately in the income statement. The entire commission is available for use on the date of issue of the notes, and the commission is used to cover the arrangement and issuance of the notes. The notes are recognized in the balance sheet at the amortized cost, and the interest component of the loan, which is the same as the value of the option, is recognized as a separate debt item in the group "Derivative contracts and trading liabilities". The interest expense for the notes is calculated by using the effective interest method.

Management judgment

The commission income of asset management and mutual funds is subject to adjustment items that can in some circumstances include ambiguity with respect to the date of validity and scope, among other things. This applies to situations in which price reductions have been agreed upon with clients by using "fee reimbursement contracts". For this reason, the management has used its judgment and has strived to make the most conservative assessment of the fee reimbursement debt arising from these, or any contracts of which there is knowledge but have not yet been entered in the system. The debt is recovered monthly and is included as an item that reduces fund and asset management fees.

1.3. COMMISSION INCOME	2019	2018
Credit related fees and commissions	0.1	0.1
Income from payment transactions	0.0	0.0
Insurance brokerage	0.1	0.3
Advisory services	11.6	10.4
Securities brokerage	9.6	7.7
Securities issue	0.0	0.0
Mutual funds	44.9	40.3
Asset management	7.3	6.9
Custody services	0.4	0.3
Other operations	0.2	3.2
Commission income, total	**74.1**	**69.2**

Commission Income



*Other includes Lending, Payment Transaction, Insurance Brokerage, Securities Issuance and Other Activities.

1.4. COMMISSION EXPENSES	2019	2018
Trading fees paid to stock exchanges	-0.9	-1.1
Other	-1.0	-1.1
Commission expenses, total	**-1.9**	**-2.1**

1.5. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING	2019	2018
Net income from securities transactions		
Financial assets held for trading	0.0	-0.1
Financial assets at fair value through profit or loss	2.1	-0.8
Net income from securities transactions, total	**2.1**	**-0.9**

	Gains and losses on sales	Changes in fair value	Total 2019	Total 2018
Net income from securities transactions by instrument				
Debt securities	0.0	-0.5	-0.5	-0.8
Shares and derivative contracts	1.6	1.0	2.6	-0.1
Net income from securities transactions, total	**1.6**	**0.4**	**2.1**	**-0.9**
Net income from foreign exchange operations	1.1	0.0	1.1	1.3
Net income from securities transactions and foreign exchange operations, total	**2.7**	**0.4**	**3.2**	**0.4**

1.6. INCOME FROM EQUITY INVESTMENTS	2019	2018
Dividends from financial assets valued at fair value	0.0	0.3
Dividends from available-for-sales securities	0.0	0.0
Dividends from associated companies	0.0	0.0
Income from equity investments, total	**0.0**	**0.3**

1.7. OTHER OPERATING INCOME	2019	2018
Rental income	0.0	0.0
Gain on sale of owner-occupied investment properties	0.0	0.0
Other income	0.1	0.1
Other operating income, total	**0.1**	**0.1**

1.8. PERSONNEL EXPENSES

Accounting policies

The total salaries paid by the Evli Group to its personnel consist of fixed salaries and remuneration, variable remuneration under the annually adopted reward system, and long-term incentive systems.

Fixed salaries play an important role in the company. By aiming to offer its employees a competitive pay level, the company ensures that it continues to be staffed by a skilled workforce. A reward system based on variable salaries applies to all the Group's employees. The objective of the reward system is to support the implementation of the company's strategy as well as promote its competitiveness and long-term financial success.

In addition to the above remuneration methods, the company may create separate long-term incentive systems. The Evli Group has one share-based incentive program that is based on stock options that is currently in effect: Option Program 2016. Under this program, the stock options are issued gratuitously to Evli Group's key employees.

In addition to the stock option programs, the company has three share-based incentive program that are currently in effect: Share Program 2017, 2018 and 2019. Under 2017 and 2018 programs, shares are issued gratuitously during the next three years in equal installments to the members of the program, provided that the person is still employed by the company. After granting, there is still a three-year evaluation period during which the company has the right to recall the shares if there is a valid reason, such as resignation. Similarly, under program 2019 shares are issued gratuitously during the next four years from the start of the program, provided that the person is still employed by the company. The company's Board of Directors decides upon the distribution of shares. Additional information on the Option Programs and share-based incentive programs in the Remuneration policy on pages 139-141.

The Evli Group provides a reward fund for its employees. All employees of the Evli Group companies that are based in Finland are members of the fund. Using the fund is voluntary. Decisions to enter rewards in the fund are made one year at a time. Social security costs are not withheld from assets invested in the fund. The fund invests its member share capital in accordance with the Act on Personnel Funds. Capital is invested in accordance with a strategy prepared jointly by the fund's Board of Directors and Wealth Management.

In the payment of benefits payable upon termination of employment, Evli complies with normal agreements related to termination of employment pursuant to valid legislation. During the financial year, the company has not paid sign-on payments to new employees.

All the Evli Group's retirement plans are defined contribution plans. Payments to defined contribution plans are reflected in profit or loss in the period in which they are incurred. The Evli Group finances all its retirement plans as contributions to pension insurance companies. The contributions take different countries' local regulations and practices into account.

EMPLOYEE BENEFITS		**2019**		2018
Wages and salaries		-24.2		-22.7
of which bonuses	-4.3		-2.3	
Other social security costs		-1.4		-1.0
of which relating to bonuses	-0.2		0.3	
Pension expenses		-4.1		-4.0
of which relating to bonuses	-0.5		0.3	
defined contribution plans	-4.1		-4.0	
Equity-settled share options		-0.6		-0.2
Employee benefits, total		**-30.4**		**-27.9**

	2019	2018
Number of personnel during the period, average	258	259
Number of personnel at the end of the period	249	254
Employees by business segment at the end of the period		
Advisory and Corporate Clients	44	42
Wealth Management and Investor Clients	154	164
Group Operations	51	48
Total	**249**	**254**
Employees by geographic market at the end of the period		
Finland	227	228
Sweden	21	24
Arab Emirates	1	2
Total	**249**	**254**

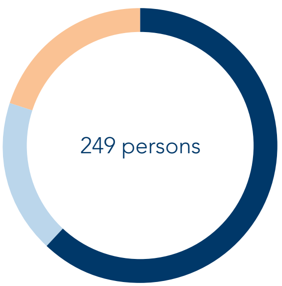
Remuneration

2019	**Wealth Management and Investor Clients**	**Advisory and Corporate Clients**	**Group Operations**
Variable remuneration paid in cash	1.9	0.5	0.6
Other social security costs	0.0	0.0	0.0
Pension costs	0.1	0.1	0.0
Postponed remuneration	0.0	0.2	0.0
Number of recipients	82	11	29

2018	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations
Variable remuneration paid in cash	1.4	0.3	0.1
Other social security costs	0.1	0.0	0.0
Pension costs	0.3	0.1	0.0
Postponed remuneration	0.2	0.2	0.1
Number of recipients	127	28	37

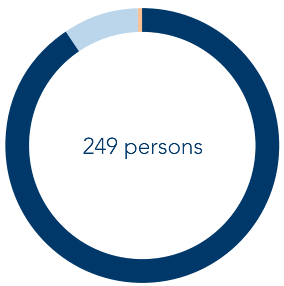
	2019		2018	
	Top Management	**Risk takers**	Top Management	Risk takers
Variable remuneration paid in cash	0.2	0.3	0.1	0.4
Other social security costs	0.0	0.0	0.0	0.0
Pension costs	0.1	0.1	0.0	0.1
Postponed remuneration	0.0	0.0	0.1	0.2
Number of recipients	6	18	3	16

Employee facts



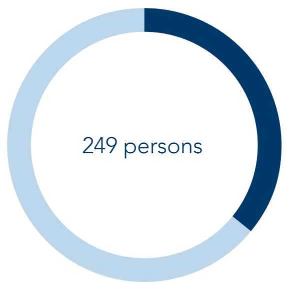
Employees per segment

- Advisory and Corporate Clients 62%
- Wealth Management and Investor Clients 18%
- Group Operations 20%



Employees per country

- Finland 91%
- Sweden 9%
- United Arab Emirates 0.4%



Women/Men

- Women 36%
- Men 64%

SHARE BASED INCENTIVES

Plan	Option program 2014	Option program 2016	Restricted Share Plan 2017	Restricted Share Plan 2018	Restricted Share Plan 2019	Total
Type	Option	Option	Share	Share	Share	
Annual General Shareholders` Meeting date	6.3.2013	8.3.2016	-	-	350,000	1,176,500
Initial amount, pcs	127,500	233,000	233,000	233,000	-	
The subscription ratio for underlying shares, pcs	5	1	-		-	
Initial excercise price, €	3.088	8.74	-	-	-	
Dividend adjustment	Yes*	Yes	-	-	-	
Current excercise price, €	-	7.21	-	-	14.6.2019	
Initial allocation date	13.2.2014	14.6.2016	30.9.2017	8.6.2018	30.6.2024	
			30.9.2023	30.6.2023	30.6.2024	
Vesting date	20.7.2014	1.6.2020	30.9.2021 / 30.9.2022 / 30.9.2023	30.6.2021 / 30.6.2022 / 30.6.2023	30.6.2024	
Maturity date	30.4.2019	31.8.2020	-	-	-	
Maximum contractual life, yrs	5.2	4.2	6.0	5.1	5.0	5.1
Remaining contractual life, yrs	0.0	0.7	4.8	4.5	4.5	2.9
Number of persons at the end of the reporting year	0	11	10	17	15	
Payment method	Equity	Equity	Cash & Equity	Cash & Equity	Cash & Equity	

*Share subscription price is always at least EUR 2.0.

Changes during the period	Option program 2014	Option program 2016	Restricted Share Plan 2017	Restricted Share Plan 2018	Restricted Share Plan 2019	Weighted average exercise price in €	Total
1.1.2019							
Outstanding at the beginning of the reporting period, pcs	42,500	223,000	148,735	73,007	0	3.47	487.42
Changes during the period							
Granted	0	0	76,665	0	350,000		426,665
Forfeited	0	15,000	0	4,334	0		19,334
Invalidated during the period	0	0	0	0	0		0
Excercised	0	0	0	0	0		0
Weighted average subscription price, €	2.00	-	-	-	-	2.00	-
Weighted average price of shares, €*	8.63	-	-	-	-	8.63	-
Expired	0	0	0	0	0		0
31.12.2019							
Excercised at the end of the period	127,500	0	0	0	0	2.00	127,500
Outstanding at the end of the period	0	208,000	225,400	68,673	350,000	8.34	852,073

*Weighted average price for the company share during the reporting period or partial instrument term there in.

FAIR VALUE DETERMINATION

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The pricing of the share based incentives granted during the period was determined by the following inputs and had the following effect:

Valuation parameters for instruments granted during period	
Share price at grant, €	7.80
Share price at reporting period end, €	10.40
Expected dividends, €	1.80
Fair value 31 Dec 2019, €	2.346.604

Expected volatility was determined by calculating the historical volatility of the Group`s share using monthly observations over corresponding maturity.

Effect of Share-based Incentives on the result and financial position during the period	
Expenses for the financial year, share-based payments, equity-settled	630.813
Liabilities arising from share-based payments 31 December 2019	0
Future cash payment to be paid to the tax authorities from share-based payments, estimated at the end of the period	3.349.180

1.9. OTHER ADMINISTRATIVE EXPENSES	2019	2018
Office expenses	-1.2	-1.4
IT and infosystems	-6.7	-8.0
Business expenses	-0.9	-1.1
Travel expenses	-0.6	-0.9
Car costs	-0.1	-0.1
Other HR related expenses	-1.0	-1.1
Marketing expenses	-0.7	-0.9
Banking and custodian expenses	-1.2	-1.0
External services	-1.6	-1.4
Other administrative expenses, total	**-14.0**	**-16.0**

1.10. OTHER OPERATING EXPENSES	2019	2018
Supervision expenses	-0.7	-0.5
Rental expenses	-2.8	-2.4
Other expenses	-0.2	-0.6
Other operating expenses, total	**-3.7**	**-3.6**

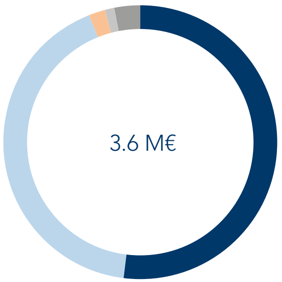
1.11. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	2019	2018
Depreciation and amortization		
Applications and software	-2.0	-0.8
Other intangible assets	-1.1	-0.8
Leasehold improvements	-0.1	-0.1
Assets acquired under finance leases	-0.2	-0.2
Equipment and furniture	-0.2	-0.1
Depreciation, amortization and impaiment losses, total	**-3.6**	**-2.1**
Write-downs		
Impairment of goodwill	0.0	0.0

1.12. EXPECTED CREDIT LOSSES ON LOANS AND OTHER COMMITMENTS AND IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS	2019	2018
Claims on the public and public sector entities		
Expected credit losses on group level	0.0	0.0
Expected credit losses individual	-0.1	0.0
Guarantees and other off-balance sheet commitments	0.0	0.0
Sales receivables	0.0	0.0
Impairment losses on other financial assets	0.0	0.0
Impairment losses, total	**-0.1**	**0.0**

1.13. SHARE OF PROFIT OR LOSS OF ASSOCIATE COMPANIES	2019	2018
Northern Horizon Capital A/S	**-0.6**	**2.6**

Management judgment

Evli does not participate in daily management of associated companies' business operations, and instead focuses on influencing strategic decisions at the board level. At the time of preparing Evli's consolidated financial statements, the income statement and balance sheet of associated companies are not yet known, which is why Evli's management must use judgment in estimating the share of associated companies' profit for the financial year. The estimate is based on the most recent known profit performance, prior experience of possible last-minute changes, and other possible factors that indicate changes.



Depreciation breakdown by asset class

- Applications and software 52%
- Other intangible assets 42%
- Leasehold improvements 2%
- Assets acquired under finance leases 1%
- Equipment and furniture 3%

1.14. INCOME TAXES

Accounting policies

The profit and loss account's tax expenses comprise current and deferred tax. Current tax is calculated on the taxable profit for the period determined on the basis of the enacted tax rate of each country, adjusted by any taxes related to previous periods.

Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The largest temporary differences arise from the depreciation of fixed assets and tax losses. No deferred tax is recognized on the undistributed profits of subsidiaries to the extent it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is measured by using the tax rates enacted by the balance sheet date.

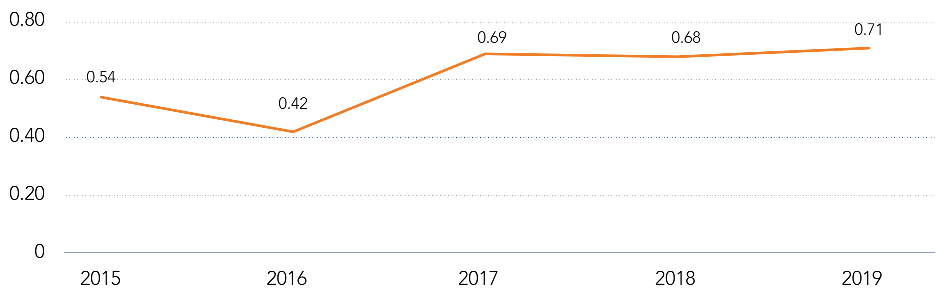
INCOME TAXES	2019	2018
Current tax expense	-4.9	-3.9
Taxes from previous years	-0.1	0.0
Deferred taxes	0.1	-0.3
Other taxes	0.0	0.0
Income taxes, total	**-4.9**	**-4.2**
Reconciliation between the income tax expense recognized in the income statement and the taxes calculated using the parent company's domestic tax rate.		
Profit/loss before taxes, Finland	22.3	18.2
Profit/loss before taxes, other countries	1.2	3.2
Profit/loss before taxes, total	**23.5**	**21.5**
Tax at domestic tax rate	4.7	4.3
Effect of foreign subsidiaries' differing tax rates	0.0	0.0
Tax at source paid abroad	0.0	0.0
Income not subject to tax	-0.2	0.1
Expenses not deductible for tax purposes	0.4	0.2
Taxes from previous years	0.1	0.0
Change in other deferred tax assets	-0.1	-0.3
Unrecognised tax assets on previous years' losses	0.0	0.0
Other taxes	0.0	0.0
Income tax charge in the consolidated income statement	**4.9**	**4.2**

1.15. EARNINGS PER SHARE

1.15. EARNINGS PER SHARE	2019	2018
Profit for the year attributable to shareholders in Evli Bank Plc	17.26	16.02
Avarage number of A-shares	15,244,899	15,101,163
Avarage number of B-shares	8,550,271	8,083,120
Earnings / Share (EPS)	**0.73**	**0.69**
Share and option rights for share-based incentive programs	852,073	385,335
Earnings per Share (EPS), fully diluted, €	**0.71**	**0.68**
Comprehensive income attributable to shareholders in Evli Bank Plc	17.25	15.83
Comprehensive Earnings per Share (EPS), fully diluted, €	**0.71**	**0.67**

As both A and B series shares entitle holders to equal amounts of the company's profit, these are not shown separately.

Earnings per share (EPS), fully diluted, Five-year development



Notes to consolidated balance sheet

2.1. CASH AND CASH EQUIVALENTS	2019	2018
Balances with central banks	305.5	239.6
Other	0.2	0.1
Cash and cash equivalents total	**305.7**	**239.7**

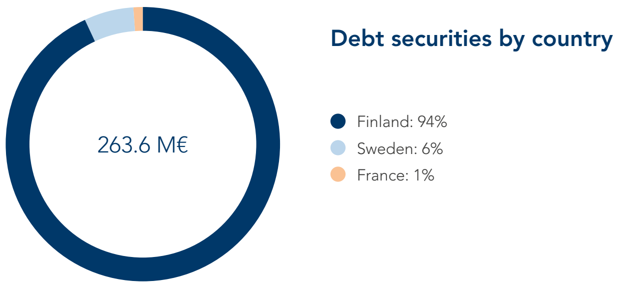
2.2. CLAIMS ON CREDIT INSTITUTIONS	2019	2018
Repayable on demand		
Domestic credit institutions	5.6	1.6
Foreign credit institutions	0.1	6.2
Repayable on demand, total	**5.6**	**7.7**
Other than repayable on demand		
Domestic credit institutions	19.4	22.3
Foreign credit institutions	44.7	46.7
Other than repayable on demand, total	**64.1**	**69.1**
Claims on credit institutions, total	**69.8**	**76.8**

2.3. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR	2019	2018
Repayable on demand		
Financial and insurance corporations	0.4	0.2
Repayable on demand, total	**0.4**	0.2
Other than repayable on demand		
Enterprises and housing associations	25.0	27.2
Financial and insurance corporations	0.7	1.5
Households	74.5	74.6
Foreign countries	13.4	11.1
Other than repayable on demand, total	**113.6**	**114.4**
Claims on the public and public sector entities by sector, total	**114.0**	**114.6**

2.4. DEBT SECURITIES			2019	2018
Issued by public corporations	Publicly quoted	Other	Total	Total
Local government notes	0.0	220.0	220.0	207.6
Issued by other than public corporations	**0.0**	**220.0**	**220.0**	**207.6**
Issued by other than public corporations				
Fair valued				
Bonds issued by banks	37.5	0.0	37.5	39.7
Other debt securities	1.2	4.9	6.1	7.0
Issued by other than public corporations	**38.8**	**4.9**	**43.7**	**46.7**
Debt securities, total	**38.8**	**224.9**	**263.7**	**254.3**

	2019	2018
Debt securities by balance sheet category		
Debt securities eligible for refinancing with central banks		
On public sector entities	0.0	0.0
Other	36.1	31.1
Debt securities		
On public sector entities	220.0	207.6
Other	7.6	15.6
Total	**263.7**	**254.3**

Debt securities by country	2019	2018
Finland	247.2	235.6
Sweden	15.0	15.1
Switzerland	0.0	2.1
France	1.4	1.5
Canada	0.0	0.0
Norway	0.0	0.0
Holland	0.0	0.0
United States	0.0	0.0



2.5. SHARES AND PARTICIPATIONS

2019

Balance sheet category	**Publicly quoted**	**Other**	**Total**
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	0.0	0.0	0.0
Other	24.9	6.5	31.4
Shares and participations, total	**24.9**	**6.5**	**31.4**

2018

Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Available for sale			
Valued at fair value through profit or loss			
Held for trading	2.5	0.0	2.5
Other	21.5	6.1	27.6
Shares and participations, total	**24.0**	**6.1**	**30.1**

Net risk position is described in section Market Risk, Notes on Risk Position.

2.6. DERIVATIVE CONTRACTS

Accounting policies

The Group has treated derivative financial instruments in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Derivative financial instruments are initially recognized at cost, which corresponds to their fair value. Subsequently derivative financial instruments are measured at fair value. Resulting gains and losses are treated in accordance with the purpose of the derivative instrument. Positive changes in the value of derivative contracts are recognized in the balance sheet as assets and negative changes as liabilities.

The company does not apply hedge accounting, and derivative financial instruments are classified as held for trading. Changes in the value of derivatives in this category during the year and the realized gains/losses are presented in the income statement under net income from securities trading.

Equity derivatives held for trading, and other liabilities held for trading hedge the equity delta risk for shares and participations in the trading book. Net risk position is described in section Market Risk, Notes on Risk Position.

Equity derivatives in the banking book hedge the equity risk in equity-linked bonds issued to the public.

The interest rate derivatives hedge the interest rate risk in liabilities in the balance sheet.

Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (4.245 M€), and in USD (428 M€).

Overall effect of risks associated with derivative contracts

Nominal value of underlying , gross					**2019**	**2019**
	Remaining maturity					
Held for trading	**Less than 1 year**	**1-5 years**	**5-15 years**	**Fair value (+/-)**	**ASSETS**	**LIABILITIES**
Interest rate derivatives						
Interest rate swaps	2.4	82.1	18.9	0.0	4.4	4.4
Equity-linked derivatives						
Futures	3.4	4.1	0.0	0.0	0.2	0.2
Options bought	3.7	0.0	0.0	0.3	0.3	0.0
Options sold	3.7	0.0	0.0	-0.3	0.0	0.3
Currency-linked derivatives	5.745.5	11.4	0.0	-0.1	54.7	54.8
Held for trading, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**
Derivative contracts, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**

Overall effect of risks associated with derivative contracts

Nominal value of underlying , gross					2018	2018
Held for trading						
Interest rate derivatives						
Interest rate swaps	0.5	65.1	20.8	0.0	0.0	0.0
Equity-linked derivatives						
Futures	0.3	0.0	0.0	0.1	0.1	0.0
Options bought	5.9	37.4	0.0	0.9	0.9	0.0
Options sold	5.9	37.4	0.0	-0.9	0.0	0.9
Currency-linked derivatives	4,230.8	0.0	0.0	0.3	23.2	22.9
Held for trading, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**
Derivative contracts, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**

2.7. INTANGIBLE ASSETS AND GOODWILL

Accounting policies

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the Group's interest in the fair value of the identifiable net assets and liabilities acquired at the acquisition date. Goodwill is measured at historical cost less cumulative impairment losses. Goodwill is not amortized. Goodwill arising in connection with acquisitions is tested annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For this purpose, goodwill is allocated to cash-generating units, or, in the case of a subsidiary, goodwill is included in the subsidiary's acquisition cost and the subsidiary forms a cash-generating unit. If the carrying amount of goodwill for a cash-generating unit exceeds its recoverable amount, an impairment loss equal to the difference will be recognized.

For the testing of impairment, the recoverable amounts of an asset are determined by calculating the asset's value in use. The calculations are based on five-year cash flow plans approved by the management.

In the cash flow model, items affecting each cash-generating unit's operational cash flow – mainly income and expenses – are examined. Cash flows extending after the five-year forecast period have been calculated using the "final value method".

The income and expenses of each asset are estimated based on the management's understanding of future development taking the general performance of the market area into consideration. Generally, income is expected to grow by 0-4 percent annually during the financial year. Correspondingly, expenses are expected to grow by around two percent annually.

In the final value method growth is determined using the management's conservative assessment of the long-term growth of cash flow. In the testing carried out in 2019, annual growth of either 1 or 2 percent, depending on the risk of the unit tested, has been used as the growth factor of the final value. The cash flows used to measure value in use are discounted to the present value using the discount rate that reflects assessments of the time value of money and the risks specific to the asset. The discount rate used in the testing of business functions was eleven percent.

In conjunction with goodwill testing, the sensitivity of the testing to changes in the variable affecting each result is also assessed. Sensitivity analyses are performed on goodwill impairment testing calculations using worst-case scenario forecasts. These scenarios were used to examine the change in value in use by changing the basic assumptions in the definition of value. Future income and expense cash flows, the discount rate and final value growth rate were changed in the sensitivity analyses. On the basis of the sensitivity analyses carried out, the change in the recoverable amount for the units tested does not lead to a situation in which the carrying amount is greater than the value in use.

Management judgment

Impairment testing of goodwill is based on the estimated future recoverable net cash flows of the cash generating units to which goodwill has been allocated, which is then compared to this units' carrying amounts. The testing requires making of assumptions concerning variables such as the growth rate of returns, costs of operations and the discount rate at which the incoming cash flows are converted to the current value.

Accounting policies

Intangible assets

Intangible assets are recognized in the balance sheet only if their acquisition cost can be reliably measured and if it is probable that the expected future economic benefits attributable to the assets will flow to the company. Intangible assets with definite useful lives are recognized in the balance sheet at historical cost and are amortized in the profit and loss account on a straight-line basis over their known or estimated useful lives. Intangible assets include software licenses and other intangible rights whose useful life is 3-5 years.

Impairment of tangible and intangible assets

At each balance sheet date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. In addition, goodwill and intangible assets not yet available for use are tested for impairment annually, regardless of the existence of indication of impairment. The need for impairment is assessed for each cash-generating unit which, in the case of the Evli Group, means for each subsidiary or segment.

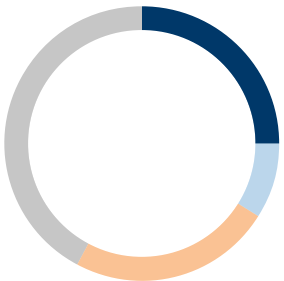
The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is determined as the future net cash flows expected to be derived from the said asset or cash-generating unit which are discounted to present value. The discount rate used is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. The useful life of the asset is reviewed when the impairment loss is recognized. An impairment loss is reversed if circumstances have changed and the recoverable amount has changed since the date of recognizing the impairment loss. Impairment losses recognized for goodwill are not reversed under any circumstances.

Management judgment

At each balance sheet date management assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated

INTANGIBLE ASSETS AND GOODWILL	2019	2018
Goodwill		
Cost at 1.1.	**5.9**	**5.9**
Increases/Decreases	2.0	0.0
Cost at 31.12.	7.9	5.9
Accumulated depreciation at 1.1.	**-3.0**	**-3.0**
Impairment losses for the period	0.0	0.0
Accumulated depreciation at 31.12.	-3.0	-3.0
Book value at 31.12.	**4.9**	**2.9**



SOFTWARE OR PROJECTS IN PROGRESS	2019	2018
Cost at 1.1.	**2.0**	**0.2**
Increases/Decreases	-1.9	1.9
Cost at 31.12.	0.1	2.0
Book value at 31.12.	**0.1**	**2.0**

Applications and software	2019	2018
Cost at 1.1.	**18.7**	**24.8**
Increases/Decreases	4.7	-14.2
Cost at 31.12.	23.3	18.7
Accumulated amortisation and impairment losses at 1.1.	**-13.6**	**-20.1**
Amortisation for the period	-1.8	-0.8
Accumulated amortisation in respect of decreases	0.0	7.3
Accumulated amortisation and impairment losses at 31.12.	-15.4	-13.6
Book value at 31.12.	**7.9**	**5.0**
Other intangible assets		
Cost at 1.1.	**6.4**	**6.2**
Increases/Decreases	0.7	0.1
Cost at 31.12.	7.1	6.4
Accumulated amortisation and impairment losses at 1.1.	**-4.8**	**-4.0**
Amortisation for the period	-1.0	-0.8
Accumulated amortisation and impairment losses at 31.12.	-5.9	-4.8
Book value at 31.12.	**1.2**	**1.5**
The most significant "Other intangible assets" are client relationships.		
Book value of intangible assets at 31.12.	**14.3**	**11.5**
Intangible assets, total at 31.12.	**14.3**	**11.5**

2.8. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Tangible fixed assets are measured at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the carrying amount of tangible fixed assets only if it is probable that the future economic benefits attributable to the assets will flow to the Group and that the cost of acquiring the assets can be reliably measured. Other repair and maintenance costs are recognized in profit or loss in the period in which they were incurred.

Assets are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:
- Machinery and equipment: 5 years
- IT equipment: 3 years
- Assets under finance leases: 3-5 years
- Renovations of leased premises: term of lease.

The residual values and useful lives of assets are reviewed at each reporting date and, if necessary, are adjusted to reflect changes occurring in expectations of useful life.

The depreciation of an item of property, plant and equipment will cease when the tangible fixed asset is classified as held for sale under IFRS 5 Non-current assets held for sale and discontinued operations.

Gains and losses from the sales or disposals of tangible fixed assets are included in other operating income and expenses.

Property, plant and equipment	**2019**	2018
Equipment and furniture		
Cost at 1.1.	**1.5**	**6.7**
Increases/Decreases	0.2	-5.2
Cost at 31.12.	1.7	1.5
Accumulated depreciation at 1.1.	**-0.9**	**-6.3**
Depreciation for the period	-0.2	-0.1
Accumulated depreciation in respect of decreases	0.0	5.5
Accumulated depreciation at 31.12.	-1.2	-0.9
Book value at 31.12.	**0.5**	**0.6**
Assets acquired under finance leases		
Cost at 1.1.	**3.5**	**3.4**
Increases/Decreases	0.1	0.2
Cost at 31.12.	3.7	3.5
Accumulated depreciation at 1.1.	**-3.3**	**-3.1**
Depreciation for the period	-0.2	-0.2
Accumulated depreciation at 31.12.	-3.5	-3.3
Book value at 31.12.	**0.2**	**0.2**
Property, plant, and equipment, total 31.12.	**0.7**	**0.8**
Leasehold improvements		
Cost at 1.1.	**1.4**	**1.4**
Cost at 31.12.	1.4	1.4
Accumulated depreciation at 1.1.	**-1.0**	**-0.9**
Depreciation for the period	-0.1	-0.1
Accumulated depreciation at 31.12.	-1.1	-1.0
Book value at 31.12.	**0.3**	**0.4**
Other tangible assets		
Cost at 1.1.	**0.6**	**0.6**
Cost at 31.12.	0.6	0.6
Book value at 31.12.	**0.6**	**0.6**
Property, plant and equipment, total at 31.12.	**1.6**	**1.9**
Book value of tangible assets at 31.12.	**1.6**	**1.9**

2.9. OTHER ASSETS	2019	2018
Securities sale receivables	2.1	1.9
Commission receivables	14.8	10.2
Securities broking receivables	26.1	39.6
Other receivables	12.3	0.2
Other assets total	**55.3**	**51.9**

2.10. ACCRUED INCOME AND PREPAYMENTS	2019	2018
Interest	0.4	0.4
Taxes	1.5	1.7
Staff-related	0.1	0.1
Other items	1.6	3.1
Accrued income and prepayments total	**3.6**	**5.3**

2.11. DEFERRED TAXES

Management judgment

The entry of deferred tax assets in the balance sheet calls for judgment. Deferred tax assets are recognized to the extent that future taxable income is likely to be generated, against which the confirmed losses can be used. The impairment of deferred tax assets may be necessary if the future taxable income does not correspond with the estimate. Deferred tax assets are assessed annually in relation to the Group's ability to generate sufficient taxable income in the future.

DEFERRED TAXES	2019	2018
Tax assets		
Due to timing differences*	0.1	0.1
Other temporary differences		
From tax losses carried forward	0.1	0.0
Deferred taxes total	**0.2**	**0.1**

*Deferred tax assets result from timing differences in fixed asset depreciation.

2.12. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS	2019	2018
Credit institutions		
Repayable on demand	0.2	0.0
Other than repayable on demand	1.7	6.7
Liabilities to credit institutions and central banks, total	**1.9**	**6.7**

2.13. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES	2019	2018
Deposits		
Repayable on demand	551.5	469.9
Other than repayable on demand	0.1	0.0
Other liabilities		
Repayable on demand	0.0	0.0
Other than repayable on demand	0.0	0.0
Liabilities to the public and public sector entities, total	**551.6**	**469.9**

2.14. DEBT SECURITIES ISSUED TO THE PUBLIC	2019	2018
Certificate of deposits	25.0	43.0
Bonds	123.6	118.0
Debt securities issued to the public, total	**148.6**	**160.9**
Changes in bonds issued to the public		
Issues	49.5	67.0
Repurchases	44.3	23.7

2.15. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING	2019	2018
Derivative contracts	59.7	23.8
Due to short selling of shares	0.0	0.6
Derivative contracts and other liabilities held for trading, total	**59.7**	**24.3**

2.16. BREAKDOWN OF OTHER LIABILITIES		2019		2018
Securities broking liabilities		32.3		52.2
Securities purchase liabilities		15.0		0.0
Finance lease payables		0.2		0.3
Income tax payable		0.1		0.1
Personnel related		0.7		0.6
Other short-term liabilities		2.9		2.4
Lease liability		4.9		5.9
Current lease liabilities	2.2		1.8	
Non-current lease liabilities	2.7		3.8	
Prepayments of cash customers		0.9		1.8
VAT payable		0.9		0.6
Other liabilities, total		**58.0**		**58.0**

2.17. ACCRUED EXPENSES AND DEFERRED INCOME	2019	2018
Interest	0.3	0.2
Tax payables	1.3	0.6
Personnel related	10.2	9.2
Other accrued expenses	9.8	8.1
Accrued expenses and deferred income, total	**21.7**	**18.1**

2.18. DEFERRED TAX LIABILITIES	2019	2018
Due to timing differences	0.0	0.0
Deferred tax liability, total	**0.0**	**0.0**

2.19. EQUITY CAPITAL

Accounting policies

Equity capital

The cost of treasury shares acquired by the parent company is deducted from equity. When such shares are sold later, all consideration received is included in equity.

Share premium fund

The share premium fund comprises the following items: the amount exceeding the counter-book value of the share paid for shares prior to September 1, 2006 in a new issue.

Fund of invested non-restricted equity

The fund of invested non-restricted equity includes the proceeds from the disposals of own shares received after September 1, 2006, the amount paid for a subscription right based on an option right and redemptions of own shares.

Own shares held by the credit institution

The company has not acquired own shares during the financial year. On December 31, 2019 the company held a total of 375.387 own shares.

2.19. EQUITY CAPITAL	2019	2018
Share capital	30.2	30.2
Share premium fund	1.8	1.8
Other reserves	1.0	0.4
Restricted equity	**33.0**	**32.4**
Reserve for invested unrestricted equity	18.7	18.3
Retained earnings 1.1.	25.5	21.9
Dividends	-14.4	-12.2
Translation difference and other changes in retained earnings	0.0	-0.2
Retained earnings 31.12.	11.1	9.6
Profit for the period	17.2	16.0
Unrestricted equity for shareholders	**47.1**	**43.9**
Shareholder´s share of equity	1.7	1.1
Equity capital	**81.8**	**77.4**

Breakdown of off-balance sheet commitments

3.1. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS	2019	2018
Commitments given to a third party on behalf of a customer*	6.9	2.6
Irrevocable commitments given in favour of a customer	0.3	0.2
Guarantees on behalf of others	0.5	0.5
Unused credit facilities, given to clients	5.4	2.6

*Commitments given to a third party on behalf of a customer include collaterals for derivatives positions given on behalf of customers. The customers have covered their derivatives collateral to Evli in full. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

Segment reporting

Accounting policies

Segment reporting

Segment information is reported in accordance with the Group's division of business and geographical segments. The business segments consist of business units whose products and services and earnings logic and profitability differ from one another. The business risks related to the business segments are also different. Evli's operations are divided by client type and services into two segments: the Wealth Management and Investor Clients segment and the Advisory and Corporate Clients segment. Operations not included above are classified as Group Operations, and the business segments mentioned above make use of these operations.

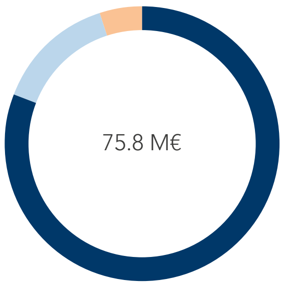
The Wealth Management and Investor Clients segment offers personal asset management services to present and future high net worth private individuals and institutions. The comprehensive product and service selection includes fund products offered by Evli and its partners, and various capital market services and alternative investment products. The segment also includes execution and operations activities that directly support core activities.

The Advisory and Corporate Clients segment provides services related to M&A transactions, including corporate acquisitions and divestments, and advisory services related to IPOs and share issues. The segment also offers incentive program administration services and investment research for listed companies.

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Marketing, Communication and Investor Relations, Legal Department, Human Resources and Internal Services. Banking services and the company's own investment operations that support the company's operations, and the Group's supervisory functions; Compliance, Risk Management and Internal Audit, are also part of Group Operations.

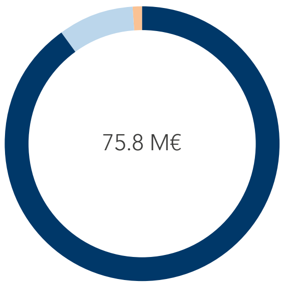
Inter-segment pricing occurs in arm's length transactions at fair value. The revenue and expenses that are deemed as directly attributable to or can be allocated on a reasonable basis to a particular business area are allocated to that business area. The revenue and expenses that are not allocated to a particular business area, and the inter-business-area eliminations in the Group, are reported under Group Operations. The distribution of the Group's assets and liabilities among the business segments is not monitored on a regular basis and is therefore not reported in connection with the segment reporting.

In addition to business segments, the Group uses geographical areas in monitoring revenue: Finland, Sweden and other countries.



Net revenue per Segment

- Wealth Management and Investor Clients 81%
- Advisory and Corporate Clients 14%
- Group Operations and Eliminations 5%



Net revenue per Country

- Finland: 90%
- Sweden: 9%
- Other countries: 1%

4.1. SEGMENT INCOME STATEMENT

	2019					2018				
	Investor Clients	**Corporate clients**	**Group Operations**	**Unallocated**	**Cost Center Group**	Investor Clients	Corporate clients	Group Operations	Unallocated	Cost Center Group
REVENUE										
Net Interest Income	0.0	0.0	0.3	0.0	0.3	0.1	0.0	0.6	0.0	0.7
Commission income and expense, net	61.6	11.0	0.0	-0.3	72.2	57.1	10.0	0.0	0.0	67.1
Net income from securities transactions and foreign exchange dealing	0.0	0.0	3.2	0.0	3.2	0.3	0.0	0.5	-0.1	0.7
Other operating income	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1
External sales	61.6	10.9	3.6	-0.3	75.8	57.5	10.0	1.2	-0.2	68.5
Inter-segment sales	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	0.0
Total revenue	**61.6**	**10.9**	**3.6**	**-0.3**	**75.8**	**57.4**	**10.0**	**1.3**	**-0.2**	**68.5**
Timing of revenue recognition										
Over time	52.7	5.1	0.0	-0.3	57.5	47.3	4.4	-	-	51.7
At a point of time	8.9	5.8	0.0	0.0	14.7	9.8	5.6	-	-	15.4
RESULT										
Segment operating expenses	-30.3	-6.6	-11.3	0.2	-48.0	-30.0	-6.1	-11.6	0.2	-47.5
Business units operating profit before depreciations and Group allocations	**31.3**	**4.4**	**-7.8**	**-0.2**	**27.8**	**27.4**	**3.9**	**-10.3**	**0.0**	**21.0**
Depreciation, amortisation and write-down	-3.0	-0.3	-0.5	0.3	-3.5	-1.0	-0.3	-0.5	-0.3	-2.1
Impairment losses on loans and other receivables	0.0	0.0	-0.1	0.0	-0.1					
Business units operating profit before Group allocations	**28.3**	**4.0**	**-8.4**	**0.2**	**24.1**	**26.4**	**3.6**	**-10.8**	**-0.3**	**18.9**
Allocated corporate expenses	-7.5	-1.2	8.7	0.0	0.0	-9.1	-1.4	10.5	0.0	0.0
Operating profit including Group allocations	**20.8**	**2.8**	**0.3**	**0.2**	**24.1**	**17.4**	**2.2**	**-0.3**	**-0.3**	**18.9**
Share of profits (losses) of associates	0.0	0.0	0.0	-0.6	-0.6				2.6	2.6
Income taxes*	-2.7	-0.8	-1.4	0.0	-4.9				-4.2	-4.2
Segment profit/loss after taxes	**18.2**	**2.0**	**-1.0**	**-0.5**	**18.7**	**17.4**	**2.2**	**-0.3**	**-2.0**	**17.3**

Regular reporting to top management does not include breakdown of assets and liabilities of Evli Group to different business segments. Because of this the breakdown of assets and liabilities to segments is not included in the official segment report. Allocated corporate expenses includes cost items relating to general administration of Evli Group and banking business that are allocated to business units using allocation drivers in place at each time of review. Group Operations comprise support functions serving the business areas, such as Information Management, Financial Administration, Marketing, Communication and Investor Relations, Legal Department, Human Resources and Internal Services. Banking services and the company´s own investment operations, and the Group´s supervisory functions; Compliance, Risk Management and Internal Audit, are also part of Group Operations.

4.2. GEOGRAPHICAL INCOME STATEMENT AND BALANCE SHEET

	1.1.–31.12.2019				1.1.–31.12.2018			
	Finland	**Sweden**	**Other countries**	**Group**	Finland	Sweden	Other countries	Group
Income statement								
Net revenue	68.5	6.7	0.6	75.8	59.4	8.3	0.8	68.5
Balance sheet								
Assets	913.7	9.2	0.3	923.2	806.1	9.0	0.4	815.5

IFRS 9, Expected credit losses

Accounting policies

IFRS 9 is a standard related to expected losses, i.e. evaluating a substantial increase in credit risk, and the calculation model for expected credit losses, including the grouping of loans for calculation. The model includes multiple input data that are subject to consideration and can have a substantial effect on the results of the calculation model. The results produced by the bank's calculation model are reported regularly in the Group's credit and asset liability committee (Credalco). The Group's Financial Administration together with the Group's Risk Control and Treasury evaluates credit risks and maintains the calculation model.

Evaluation of substantial increase in credit risk

A key component of the IFRS 9 standard is the analysis of counterparties' credit risks and changes in credit risks that take place after a loan is granted. The credit risks of financial assets are under constant scrutiny at the bank. Evli Bank monitors various factors, both quantitative and qualitative, which are estimated to be significant in evaluating credit risk. Estimates of future economic trends are also taken into account. In these estimates, factors that are accessible without unreasonable expenses and effort are taken into account. If the credit risk of a liability has grown substantially after a loan is granted, and the credit risk has not been estimated to be low, the liability's risk level is raised to phase 2, in which case the expected credit loss of the liability or loan is estimated for the entire exercise period. The risk level is also separately evaluated for entire credit groups. The following criteria indicate that credit risk has increased substantially:

- The payments on a receivable are delayed by more than 30 days, for non-technical reasons
- Changes in the counterparty's financial position, such as a substantial deterioration of creditworthiness and financial status, and payment defaults. Information on changes in the counterparties' financial positions is obtained automatically through the credit investigation service
- A substantial reduction in the value of collateral; the counterparty is unable to cover the collateral shortfall
- The loan payment plan and terms and conditions have been rearranged because of an increase in credit risk
- A material change for the worse in macroeconomic factors has taken place, which would have an impact on the counterparties' financial position
- Other factors that have a substantial impact on credit risk or the value of collateral.

Factors that cause a loan to be classified as phase 3

Individual loans whose values have verifiably declined are recognized in phase 3. One or several events have come to light with respect to the counterparty that will have a negative impact on future cash flows. These can include one of the following, for example:

- the company's bankruptcy or liquidation, or other significant financial difficulties
- payments (repayment or interest) more than 90 days late
- counterparty declared insolvent.

Credit risk decreases after classification change

If based on all available information it is estimated that the credit risk has decreased substantially after the loan's risk level has been raised to phase 2, and the risk is at the same level as at the time of granting the loan, the loan's risk level can be returned to phase 1.

At the balance sheet date, the Group had a total of EUR 0.5 million (two loans) in lending-related assets in phase 2, and one non-performing loan in phase 3.

Calculation model for expected credit losses (ECL)

ECL is an estimate, with weighted probabilities, of the difference between the following cash flows: Contractual cash flows of the liability – the cash flows that the bank expects to receive from an agreement.

ECL = Probability of default (PD) * (LGD) total loss when realization of collateral is included * principal of liability

The PD on a liability is estimated for the following 12 months (phase 1 financial assets) or for the entire exercise period (phase 2 and 3 financial assets).

The principals that are included in the calculation are assets measured at amortized cost:

- promissory notes and accounts with credit facility (receivables from the public)
- receivables from credit institutions; fixed-term deposits
- unused credit arrangements and facilities, and guarantees on behalf of others
- sales receivables.

Grouping of loans for calculation

Since it is not practical or affordable to analyze the counterparties of loans on an individual basis in credit risk evaluation, the loan portfolio is divided into various groups that are similar in terms of their credit risk, counterparties, product type, collateral type, and exercise period. The grouping is examined at regular intervals to avoid evaluation errors from taking place in a situation in which a group is no longer homogenous in terms of its credit risk. On the balance sheet date, Evli Group had six different groups in the calculation of lending. The largest group was investment loans of Wealth Management clients (67 percent of all loans).

Determining the probability of default

In the model PD indicates the probability that the borrower will not perform on its future obligations, either on the horizon of the following 12 months, or during the entire remaining exercise period.

In phase 1, the probabilities of default are determined in the bank at the group level as a general principle, provided that the PD of an individual loan does not substantially differ from the group's PD value, and it is not practical to set a separate group for the loan. A simplified model has been devised for sales receivable items, where the PD is determined based on how many days late the receivable is and whether the counterparty belongs to the normal or high-risk group. When the PD is being determined for a counterparty, the counterparty's collateral is not taken into account.

At Evli, the group-level initial PD percentage for household and corporate loans has been set as the proportion of non-performing loans out of the entire loan portfolio in Finland. Since the bank does not have a sufficiently comprehensive history of its own credit losses at its disposal, a wider comparison group is also used, in which the credit risk is assumed to be similar. This model is justified by the fact that Evli's loan portfolio consists primarily of Finnish household and corporate loans (over 88 percent of the total loan portfolio). The Group's loan portfolio is assessed as being low-risk for the most part, which is also reflected in the average PD values. Lending is focused primarily on Wealth Management clients whose past credit risk has been very low.

The PD percentages of loans were between 0.21 percent and 0.81 percent on the balance sheet date for household and corporate clients, for phase 1 assets.

If a loan is transferred to phase 2, the PD is always redefined individually. In this case, the loan's future cash flows are estimated for the loan's entire exercise period, and are discounted to the current value, giving an estimate of the total loss on the loan before realizing collateral. In phase 2 PD assessments, the assessments of credit investigation services are also used.

The PD percentage of other corporate liabilities, high-risk items and credit institution receivables is determined with a statistical risk of making a loss that is available on the basis of credit ratings. The statistical information is obtained from credit rating agencies.

The PD percentage is also determined for off-balance sheet liabilities. The rate of use of open unused credit facilities is estimated to be 50 percent, which means that the facility is included in the calculation with a 50 percent weighting compared to facilities that have been drawn. Granted collateral is treated like normal drawn credit in the calculations.

If the future holds substantial uncertainty regarding significant declines in the prices of securities, GDP figures, increased unemployment or other economic factors, the group-level PD figures can be raised in phase 1. On the balance sheet date, the probabilities of default with respect to future forecasts regarding market conditions have not been corrected.

The group-level PD figures are updated quarterly, and individual PD figures immediately when an individual liability's credit risk is evaluated as having grown substantially, or when the credit risk of a liability is evaluated as differing from the credit risk of its group.

Definition of loss given default (LGD)

LGD determines the total loss when the realization of collateral is taken into account in a payment default situation. In the ECL calculation, the bank estimates what the loss is in a realization situation when the worst-case scenario materializes with the estimated probability: do the assets from realizing the collateral cover the loan's remaining principal in that situation. The worst-case scenario in the bank's calculation is a strong decline in prices of securities or real estate, as was the case during the stock market crash in 2008. The calculation takes into account the average collateral value of the collateral of the loans in the group, the type of collateral and the liquidity of the collateral. The collateral values given to the collateral are so conservative in the Group that losses will not be realized on promissory notes except as the result of a strong decline in share prices. LGD is determined for loans generally at group level. LGD at a one-year level is obtained by estimating the probability that the worst-case scenario will materialize during the following 12 months. An individual LGD can be determined for individual loans if the number or quality of the loan's collateral differs substantially from collateral in the group on average.

On the balance sheet date, the LGD values for lending were, depending on the group, between 3 and 30 percent, for assets measured in accordance with the first phase.

The most important variables that affect the calculation model with respect to LGD are realized and anticipated changes in prices of securities, and the estimated probability of a scenario in which the clients' collateral is no longer sufficient to cover the value of the liability.

5.3. ITEMS MEASURED ACCORDING TO IFRS 9, EXCEPCTED CREDIT LOSSES

Financial assets and sales receivables measured at amortised cost

Asset	**Total amount**	Level 1 assets	Level 2 assets	Level 3 assets	Expected credit loss	Opening saldo, credit loss allowance 1.1.
Cash and Central Bank receivables	305.7	305.7	0.0	0.0	0.0	0.0
Claims on credit institutions	69.8	69.8	0.0	0.0	0.0	0.0
Claims on the public and public sector entities	114.0	113.2	0.5	0.3	0.1	0.0
Claims on corporations	28.9	28.4	0.5	0.0	0.0	0.0
Claims on private persons	84.7	84.3	0.0	0.3	0.1	0.0
Claims on other	0.4	0.4	0.0	0.0	0.0	0.0
Sales receivables	3.5	3.5	0.1	0.0	0.0	0.0
Total assets	**493.1**	492.2	0.6	0.3	0.1	0.0
Unused credit facilities, given to clients	5.4	5.4	0.0	0.0	0.0	0.0
Credit loss reserve total	**0.1**	0.0	0.0	0.1	0.1	0.0

For clientr credits, two transfers from level 1 to 2 and one transfer to level 3 has been made during the financial year. The bank has no credit payment receivables past due by at least 90 days. Expected credit loss is booked to the Income Statement.

Notes on risk position

6.1. GENERAL INFORMATION ON CREDIT AND DILUTION RISK (STANDARD MODEL)

Lending, exposure per geographic area and non-performing credits

Exposure and home country	Lending stock	Average remaining maturity years	Overdue by at least 90 days	Impaired loans
Private Persons Finland	74.5	1.7	0.0	0.3
Corporations Finland	25.7	2.5	0.0	0.0
Other sectors Finland	0.4	0.0	0.0	0.0
Private persons EU countries	5.7	2.5	0.0	0.0
Corporations EU countries	3.2	1.6	0.0	0.0
Private persons other countries	4.4	1.9	0.0	0.0
Total	**114.0**	**1.9**	**0.0**	**0.3**

Loans are entered as non-performing if payment of interest or instalments is overdue by at least 90 days, or if it is estimated that the debtor is propably not going to be able to manage the loan commitments. There was one non-performing loan at year-end. There were no loans overdue by at least 90 days in the loan stock by 31.12.2019.

The goal of the lending is to support customer relations and the Bank's main businesses. At the same time, the risk corrected income from lending has to be sufficient.

Lending is focused on wealth management clients. Domestic private client's share of the loan stock was 65 percent, and foreign private customer's share was 9 percent.

Exposure by risk weight, credit risk standard model

Risk weight -%	Original exposure value	Credit risk reducing collateral	Exposure value after credit risk deductions	Risk-weighted value
0	527.3	0.0	527.3	0.0
20	149.0	-1.2	147.8	29.6
35	2.7	0.0	2.7	0.9
50	13.9	0.0	13.9	7.0
76	11.1	0.0	11.1	8.5
100	227.9	-94.6	133.6	133.6
150	0.9	0.0	0.9	1.3
Exposure by risk weight, total	**932.8**	**-95.8**	**837.3**	**180.8**
Credit value adjustment	3.1	0.0	3.1	3.1
Total	**935.8**	**-95.8**	**840.3**	**183.9**

The credit rating institutions used in the standard method are Standard & Poor's, Moody's and Fitch. Their credit ratings are used to assign risk weights for credit institutions and corporations. If a credit rating is not available, the risk weight is assigned in accordance with the credit quality group of the home country of the institution.

The Treasury function's investments in debt instruments are focused at Nordic bank bonds, whose credit rating is at minimum A, and at short term investments like local government notes and commercial papers. In the capital adequacy calculations, 83 percent of the investments had a risk weight of 0 percent, 12 percent a risk weight of 20 percent, three percent a risk weight of 50 percent, and two percent had a risk weight of 100 percent. Total investments in debt instruments was at year-end EUR 264 million.

6.2. TECHNIQUES TO REDUCE CREDIT RISK

The valuation of collateral uses the credit and asset liability committee, Credalco's approved collateral factors that are based on the collateral's realizability and susceptibility to changes in value.

The goal is to receive liquid collateral, which can also be used as risk-reducing collateral in the capital adequacy calculations. Credalco decides the maximum amount of illiquid collateral which can be accepted per client. Only in certain special cases, can the Bank deviate from the normal process for accepting collateral.

Principal real collateral types used in capital adequacy calculation:
- Residential property collateral
- Cash deposits
- Bonds issued by Evli

Evli does not use master netting agreements or similar agreements in capital adequacy calculation.

Exposures hedged with approved collateral in capital adequacy calculation	2019	2018
Mortgages	2.7	3.0
Other credits	35.4	34.4
Counterparty exposure of OTC derivatives hedged with collateral	60.5	33.0

6.3. CREDIT RISK (COUNTERPARTY RISK)	2019	2018
Positive fair value of OTC derivatives in the financial statement	59.6	24.1
The derivatives comprise equity, currency and fixed income derivatives		
Collateral reducing counterparty risk in capital adequacy calculations	60.5	33.0
After the collateral-reducing effect the credit counter-value of derivatives totaled	54.4	33.4

	Exchange traded derivatives		OTC derivatives	
2019	Nominal value	Fair value	Nominal value	Fair value
Derivatives assets	0.0	0.0	2,916.3	59.6
Derivatives liabilities	0.0	0.0	2,959.0	59.7

	Exchange traded derivatives		OTC derivatives	
2018	Nominal value	Fair value	Nominal value	Fair value
Derivatives assets	0.3	0.1	2,384.8	24.1
Derivatives liabilities	0.0	0.0	2,019.1	-23.8

6.4. MARKET RISK	2019	2018
Minimun capital adequacy requirement, trading book		
Position risk total	0.0	0.0
Position risk equity instruments	0.0	0.0
Position risk debt instruments	0.0	0.0
Settlement risk	0.0	0.0
Minimun requirement for the currency risk of all operations	0.3	0.5
Total	**0.3**	**0.5**
Net positions in trading book, equity instruments		
Long net positions	0.0	0.0
Short net positions	0.0	0.0
Net total	**0.0**	**0.0**
Net positions in trading book, debt instruments		
Long net positions	0.0	0.0
Short net positions	0.0	0.0
Net total	**0.0**	**0.0**
Net positions in currencies		
Swedish krona	3.7	5.1
US dollar	0.1	-2.0
Danish krona	0.1	0.0
Pound sterling	-0.1	0.5
Japanese yen	0.0	0.2
Norwegian krone	0.1	0.4
Swiss franc	-0.2	0.3
Other currency position	0.2	0.2
Total net position	**4.0**	**4.7**

6.5. OPERATIONAL RISK

The method applied in the capital adequacy calculations is the basic indicator approach, which is based on the Group's revenues for the previous three years. The capital requirement is 15 percent of the average revenue from the previous three calender years.

6.6. SHARES OUTSIDE THE TRADING BOOK

Shares and participations in the banking book are measured at fair value through profit or loss.

The value of the investments in the financial statements was EUR 31.5 million, which is the fair value of the investments.

The listed shares are related to the equity incentive schemes, the shares don't affect the market risk of the bank.

Type of investment	2019	2018
Private equity funds	0.6	1.0
Real estate funds	5.6	4.7
Unlisted shares	0.4	0.4
Mutual funds	25.0	21.2
Listed shares	0.0	0.3
Total	**31.5**	**27.6**

Private equity, real estate and mutual funds have been valued by applying the last known fair value from the funds' management companies.

The fair value of unlisted shares is estimated primarily by using the share's net asset value or a cah flow analysis based on future outlooks. If no better estimate of the fair value is available, the acquisition price can be used as the fair value.

Other notes

7.1. MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

Debt securities, loans and other claims, derivatives and financial liabilities at amortized cost are reported in the maturity class according to the maturity of the instrument. Shares and participations are reported so that quoted shares in the trading book and quoted mutual funds are in the shortest maturity period. Unquoted shares are reported according to the estimated liquidation period, and venture capital- and real estate funds are reported according to the expected ending day of the fund.

	2019						2018					
	less than 3 months	**3-12 month**	**1-5 years**	**5-10 years**	**over 10 years**	**Total**	less than 3 months	3-12 month	1-5 years	5-10 years	over 10 years	Total
Assets												
Cash and cash equivalents	305.7	0.0	0.0	0.0	0.0	**305.7**	239.7					**239.7**
Financial assets at amortized cost												
Claims on credit institutions	69.8	0.0	0.0	0.0	0.0	**69.8**	76.8	0.0	0.0	0.0	0.0	**76.8**
Claims on the public and public sector entities	8.7	26.9	72.4	6.1	0.0	**114.0**	5.6	23.2	78.6	7.2	0.0	**114.6**
Financial assets at fair value through profit or loss												
Debt securities eligible for refinancing with central banks	13.0	18.0	5.0	0.0	0.0	**36.1**	0.0	0.0	31.1	0.0	0.0	**31.1**
Debt securities	206.2	17.5	1.1	0.0	2.9	**227.6**	200.9	9.2	9.2	3.9	0.0	**223.2**
Shares and participations	25.0	1.6	2.7	2.1	0.2	**31.5**	24.0	1.1	2.3	2.7	0.0	**30.1**
Derivative contracts	54.5	0.5	3.8	0.8	0.0	**59.6**	22.7	0.9	0.6	0.0	0.0	**24.2**
Accrued interest	0.2	0.1	0.0	0.0	0.0	**0.3**	0.2	0.2	0.0	0.0	0.0	**0.4**
Liabilities												
Financial liabilities at amortized cost												
Liabilities to credit institutions	1.4	0.5	0.0	0.0	0.0	**1.9**	5.2	1.5	0.0	0.0	0.0	**6.7**
Liabilities to the public and public s ector entities	551.5	0.1	0.0	0.0	0.0	**551.6**	469.9	0.0	0.0	0.0	0.0	**469.9**
Debt securities issued to the public	12.2	22.8	94.7	18.9	0.0	**148.6**	0.2	47.4	91.6	21.8	0.0	**160.9**
Financial liabilities at fair value through profit or loss	55.4	0.5	3.8	0.0	0.0	**59.7**	22.9	0.8	0.6	0.0	0.0	**24.3**
Accrued interest, debt	0.3	0.0	0.0	0.0	0.0	**0.3**	0.2	0.0	0.0	0.0	0.0	**0.2**
Off-balance sheet commitments	8.6	2.2	1.8	0.4	0.0	**13.1**	2.9	2.0	0.9	0.1	0.0	**5.9**
Lease liabilities	0.5	1.6	2.7	0.0	0.0	**4.9**	0.5	1.4	3.8	0.0	0.0	**5.6**

7.2. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

	2019			2018		
Assets	**Domestic currency**	**Foreign currency**	**Total**	Domestic currency	Foreign currency	Total
Financial assets at amortized cost						
Cash and cash equivalents	305.7	0.0	305.7	239.7	0.0	239.7
Claims on credit institutions	63.8	6.0	69.8	68.8	8.0	76.8
Claims on the public and public sector entities	114.0	0.0	114.0	114.6	0.0	114.6
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	36.1	0.0	36.1			
Debt securities	226.2	1.4	227.6	250.7	3.6	254.3
Shares and participations	31.2	0.4	31.5	29.7	0.5	30.1
Derivative contracts	57.8	1.8	59.6	24.2	0.0	24.2
Other asset items	64.8	14.1	78.9	59.9	16.0	75.9
Total	**899.6**	**23.7**	**923.2**	**787.4**	**28.1**	**815.5**
Liabilities						
Financial liabilities at amortized cost						
Liabilities to credit institutions	1.9	0.0	1.9	6.7	0.0	6.7
Liabilities to the public and public sector entities	490.3	61.4	551.6	400.2	69.7	469.9
Debt securities issued to the public	148.6	0.0	148.6	160.9	0.0	160.9
Financial liabilities at fair value through profit or loss	57.9	1.8	59.7	24.3	0.0	24.3
Other liabilities items	65.3	14.4	79.8	59.8	16.4	76.2
Total	**763.9**	**77.6**	**841.5**	**651.9**	**86.1**	**738.0**

The largest foreign currency assets and liabilities are in SEK (assets EUR 7,2 M€, liabilities EUR 29,5 M€) and USD (assets EUR 11,0 M€, liabilities EUR 33,5 M€). Derivatives positions which hedge the foreign exchange risk are not included in these figures.

7.3. VALUE OF FINANCIAL INSTRUMENTS ACROSS THE THREE LEVELS OF THE FAIR VALUE HIERARCHY

Management judgment

In situations where no external market price is available for individual financial instruments when valuing unquoted securities or derivatives at their fair value, a price which is calculated based on the generally approved valuation models used on the market is generally used. Alternatively, valuation based on net asset value is employed.

Financial assets:	Level 1 2019	Level 2 2019	Level 3 2019	Total
Shares and participations classified as held for trading	0.0	0.0	0.0	0.0
Shares and participations, other	25.0	0.0	6.5	31.5
Debt securities eligible for refinancing with central banks	36.1	0.0	0.0	36.1
Debt securities	1.4	222.5	3.6	227.6
Positive market values from derivatives	0.0	54.4	5.2	59.6
Total financial assets held at fair value	**62.5**	**276.9**	**15.4**	**354.8**
Financial liabilities:				
Shares and participations classified as held for trading	0.0	0.0	0.0	0.0
Negative market values from derivatives	0.0	54.5	5.2	59.7
Total financial liabilities held at fair value	**0.0**	**54.5**	**5.2**	**59.7**

Financial assets:	2018	2018	2018	Yhteensä
Shares and participations classified as held for trading	2.5	0.0	0.0	2.5
Shares and participations, other	21.5	0.0	6.1	27.6
Debt securities eligible for refinancing with central banks	31.1	0.0	0.0	31.1
Debt securities	11.4	209.0	2.8	223.2
Positive market values from derivatives	0.1	23.2	0.9	24.2
Total financial assets held at fair value	**66.6**	**232.2**	**9.8**	**308.6**
Financial liabilities:				
Shares and participations classified as held for trading	0.0	0.0	0.6	0.6
Negative market values from derivatives	0.0	22.9	0.9	23.8
Total financial liabilities held at fair value	**0.0**	**22.9**	**1.5**	**24.3**

Explanation of fair value hierarchies:

Level 1
Fair values measured using quoted prices in active markets for identical instruments.

Level 2
Fair values measured using directly or indirectly observable inputs, other than those included in level 1.

Level 3
Fair values measured using inputs that are not based on observable market data.

Level 1 of the hierarchy includes listed shares, mutual funds and derivatives listed on exchanges, and debt securities that are traded in active OTC- and public markets.

Shares and participations classified in level 3 are usually instruments which are not publicly traded, like venture capital funds, real estate funds, equities and equity rights.

Derivatives in level 2 are forwards whose values are calculated with inputs like quoted interest rates and currency rates.

Derivative valuations for level 3 instruments contain inputs (volatility and dividend estimate) which are not directly observable in the market. The values are calculated with pricing models widely in use, like Black-Scholes. Valuations received from the counterparty of the OTC trade are classified as level 3 valuations.

Debt securities valuations that are obtained from markets that are not fully active, have a fair value level hierarchy of 2. Level 3 valuations for debt securities are valuations for illiquid securities that are received directly from the arranger of the issue, or the valuation is calculated by Evli Bank.

The fair values of financial instruments are defined in accordance to IFRS13. In principle, valuation of financial instruments is based on public market quotations. For unquoted financial instruments, Evli Bank's Financial Administration together with the Risk Control function evaluate and classify instruments.

Level 2 valuation methods, detailed description:

Financial instrument	Valuation method/ inputs
Money market instrument, not quoted	Interest rate spread to Euribor-curve, acquisition date spread is used if no significant change has occured in the credit risk of the instrument.
Bond instrument, no active market	Bid quote (price source Bloomberg)
Derivative instruments: OTC forwards	Price calculated by using the market price of the underlying instrument, and quoted interest and currency rates.

Level 3 valuation methods, detailed description:

Financial instrument	Valuation method/ inputs
Bond instrument, illiquid/not quoted	Price received from arranger of issue or price calculated by Evli Bank.
Shares, unlisted	Estimate of company value calculated by using the book value of the share, or by an estimated future cash-flow analysis. If the share has been traded, the price level can be used in the valuation. If no better estimate of the fair value is available, the acquisition price can be used as the fair value.
Unlisted options, warrants and equity rights	The values are calculated at Evli Bank with pricing models widely in use. Calculation inputs which are estimated are the volatility of the underlying instrument, and dividend estimate.
Venture capital and real estate funds	Last known fair value from the funds' management companies, valuation received four times a year. The valuation is corrected if after the valuation date, such information has been received of an ownership in the portfolio that significantly will affect the value of the fund.

7.4. ANALYSIS OF FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3	2019	2018
Financial assets:		
Shares and participations classified as held for trading	0.0	0.0
Unlisted shares and participations	0.4	0.4
Venture capital funds and real estate funds	6.1	5.7
Debt securities	3.6	2.8
Quoted equity derivatives	0.0	0.0
OTC equity derivatives	5.2	0.9
Total financial assets held at fair value	**15.4**	**9.8**
Financial liabilities:		
Shares and participations classified as held for trading	0.0	0.6
Quoted equity derivatives	0.0	0.0
OTC equity derivatives	5.2	0.9
Total financial liabilities held at fair value	**5.2**	**1.5**

Changes during the year, considering level 3 categorized instruments:

Financial assets	2019	2018
Shares and participations classified as held for trading-Initial Balance 31.12.2018	0.0	0.0
Purchases	0.0	0.0
Sales	0.0	0.0
Valuation changes	0.0	0.0
Shares and participations classified as held for trading 31.12.2019	**0.0**	**0.0**
Unlisted shares and participations-Initial Balance 31.12.2018	0.4	0.3
Purchases	0.0	0.0
Sales	0.0	0.0
Valuation changes	0.0	0.0
Unlisted shares and participations 31.12.2019	**0.4**	**0.4**
Venture capital funds and real estate funds-Initial Balance 31.12.2018	5.7	3.9
Purchases	0.9	2.6
Sales	-0.8	-1.3
Valuation changes	0.4	0.5
Venture capital funds and real estate funds 31.12.2019	**6.1**	**5.7**

	2019	2018
Debt securities-Initial Balance 31.12.2018	2.8	3.3
Purchases	2.2	0.3
Sales	-0.7	-0.2
Valuation changes	-0.6	-0.6
Debt securities 31.12.2019	**3.6**	**2.8**
OTC equity derivatives-Initial Balance 31.12.2018	0.9	3.3
Purchases	0.0	0.0
Sales	-0.3	-1.2
Valuation changes	4.5	-1.1
OTC equity derivatives 31.12.2019	**5.2**	**0.9**

Financial liabilities	2019	2018
Shares and participations classified as held for trading-Initial Balance 31.12.2018	0.6	1.1
Purchases	0.0	0.0
Sales	-0.6	0.0
Valuation changes	0.0	-0.5
Shares and participations classified as held for trading 31.12.2019	**0.0**	**0.6**
OTC equity derivatives-Initial Balance 31.12.2018	0.9	3.1
Purchases	0.0	0.0
Sales	-0.3	-1.1
Valuation changes	4.5	-1.1
OTC equity derivatives 31.12.2019	**5.2**	**0.9**

Sensitivity analysis for level 3 instruments; effect of measurements to fair values

Derivative contracts

If the volatility estimate in the options pricing model for level 3 categorized options, is changed to a publicly available historical volatility (3 months), the options market value would change by net EUR 0.0 million. Volatility is the standard deviation or variability of the price of the underlying instrument for a given time period.

Shares and participations

When determining the fair value of unquoted instruments Evli uses estimates of the company's future cash flows and trends. The estimates are based on conservative estimates, and the use of other realistic alternative scenarios would not change the fair value estimates significantly. For real estate funds, there are uncertainty factors related to the valuation of real estate that have an impact on the fund's NAV. The total impact on fair value in the share and participations group is under EUR -0.5 million.

Debt securities

The return requirements used in the pricing of unquoted bonds correspond to the returns of instruments with similar risk levels and characteristics. If the discount rate used is raised by one percentage unit, the fair value will decline in total by EUR 0.1 million.

7.5. UNREALIZED PROFIT/LOSS FOR FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3

	Unrealised profit/loss	
	2019	2018
Financial assets		
Shares in trading book	0.0	0.0
Other shares	0.0	0.6
Debt securities	-0.8	-0.2
Derivatives	4.6	0.1
Unrealized P/L at year-end, financial assets	**3.8**	**0.4**
Financial liabilities		
Shares in trading book liabilities	0.0	0.6
Derivatives liabilities	-4.6	-0.1
Unrealized P/L at year-end, financial liabilities	**-4.6**	**0.5**
Unrealised profit/loss total', level 3 instruments	**-0.8**	**0.9**

*Total unrealized profit is recorded in net income from securities transactions.

7.6. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019				
Assets	**Financial assets measured at amortized cost**	**Fair value through profit and loss**	**Fair valued through comprehensive income**	**Other assets**	**Total**
Cash and cash equivalents	305.7				305.7
Claims on credit institutions	69.8				69.8
Claims on the public and public sector entities	114.0				114.0
Debt securities eligible for refinancing with central banks		36.1			36.1
Debt securities		227.6			227.6
Shares and participations		31.5			31.5
Derivative contracts		59.6			59.6
Shares and participations in associates				3.8	3.8
Intangible assets and goodwill				14.3	14.3
Property, plant and equipment				1.6	1.6
Other assets				55.3	55.3
Accrued income and prepayments				3.6	3.6
Deferred tax assets				0.2	0.2
Total	**489.6**	**354.8**	**0.0**	**78.9**	**923.2**

Liabilities	**Valued at amortized cost**	**Fair valued through profit and loss**	**Other debt**	**Total**
Liabilities to credit institutions and central banks	1.9			1.9
Liabilities to the public and public sector entities	551.6			551.6
Debt securities issued to the public	148.6			148.6
Financial liabilities at fair value through profit or loss		59.7		59.7
Other liabilities			58.0	58.0
Accrued expenses and deferred income			21.7	21.7
Deferred tax liabilities			0.0	0.0
Total	**702.1**	**59.7**	**79.7**	**841.5**

7.7. LIQUIDITY COVERAGE REQUIREMENT (LCR)

	2019	
Items included in the liquidity coverage ratio		
Requirement 100%		
	Amount/ market value	**Weighted value**
Liquidity buffer		
Central Bank deposits, withdrawable	299.0	299.0
Local government notes	220.0	220.0
Liquidity buffer total	**519.1**	**519.1**
	Amount/ market value	**Inflow**
Inflows over the next 30 days		
Maturing loans, retail customers	0.8	0.4
Monies due from financial customers	2.0	2.0
Inflow Total	**2.8**	**2.4**
	Amount/ market value	**Outflow**
Outflows over the next 30 days		
Retail deposits	175.9	21.4
Deposits by financial customers	223.4	223.4
Deposits by other customers	46.8	18.0
Impact of an adverse market scenario on derivatives, financing transactions and other contracts	19.0	19.0
Credit facilities	5.4	1.2
Planned derivatives payables	0.0	0.0
Other debt	16.4	16.4
Other off-balance sheet and contingent funding obligations	0.0	0.0
Issued debt securities	1.1	1.1
Outflow total	**488.0**	**300.6**
Net liquidity outflow		298.2
LCR % = Liquidity buffer / Net liquidity outflow		**174.1%**

7.8. SECURITIES LENDING

	2019	2018
Market value of securities lending at 31.12., lent in	0.0	9.3
Market value of securities lending at 31.12., lent out	0.0	0.1

7.9. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2019	2019
	Book value	**Fair Value**
Financial assets		
Liquid assets	305.7	305.7
Debt securities eligible for refinancing with central banks	36.1	36.1
Claims on credit institutions	69.8	69.8
Claims on the public and public sector entities	114.0	114.0
Debt securities	227.6	227.6
Shares and participations	31.5	31.5
Derivative contracts	59.6	59.6
Financial liabilities		
Liabilities to credit institutions and central banks	1.9	1.9
Liabilities to the public and public sector entities	551.6	551.6
Debt securities issued to the public	148.6	149.1
Derivative contracts and other liabilities held for trading	59.7	59.7

The lending rate is tied to the Euribor rates, and so the carrying amount of loans is not considered to differ significantly from the fair value.

7.10 ASSETS PLEDGED AS COLLATERAL

ASSETS	Fair value of encumbered assets 2018	Fair value of unencumbered assets 2018	of which usable as collateral 2018
Liquid assets and Central Bank deposits	0.0	305.7	299.0
Debt securities eligible for refinancing with central banks	34.1	2.0	2.0
Claims on credit institutions	64.1	5.6	5.6
Claims on the public and public sector entities	0.0	114.0	0.0
Debt securities	0.0	227.6	0.0
Shares and participations	0.0	31.5	0.0
	98.2	**686.6**	**306.7**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	12.0		
Collateral for OTC derivatives trades	52.1		
Collateral for securities lending			
Bank Of Finland, collateral for daily limit account	34.1		
	98.2		

Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**65.4**

ASSETS	2018	2018	2018
Liquid assets and Central Bank deposits	0.0	239.7	233.7
Debt securities eligible for refinancing with central banks	31.1	0.0	0.0
Claims on credit institutions	69.1	7.8	7.8
Claims on the public and public sector entities	0.0	114.6	0.0
Debt securities	5.0	218.2	0.0
Shares and participations	0.0	30.1	0.0
	105.2	**610.3**	**241.5**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	18.7		
Collateral for OTC derivatives trades	46.1		
Collateral for securities lending	6.2		
Bank Of Finland, collateral for daily limit account	34.1		
	105.2		

Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**43.9**

7.11. ASSETS UNDER MANAGEMENT

7.11. ASSETS UNDER MANAGEMENT	2019	2018
Assets under management at Evli Group as of 31 December		
Gross	15,716.0	13,096.2
Net	12,848.0	9,897.5
Assets under management on the basis of power of attorney		
Discretionary asset management	5,121.0	4,516.0
Consultative asset management	169.0	109.0
Total	**5,290.0**	**4,625.0**

Consolidation

8.1. CORPORATE STRUCTURE

CORPORATE STRUCTURE

- Group company
- Branch office
- Associated companies

Evli Bank Plc
Finland

Evli Bank´s affiliated company
Northern Horizon Capital A/S, 50%
Denmark

- Aurator Asset Management Ltd (100%) Finland
- Evli Corporate Finance AB (59.5%) Sweden
- Terra Nova Capital Advisors Ltd (55%) United Arab Emirates
- Evli Research Partners Oy (70%) Finland
- Evli Investment Solutions Oy (70%) Finland
- Evli Life Ltd (100%) Finland
- Evli Awards Management Oy (97%) Finland
- Evli Fund Management Company Ltd (100%) Suomi
  - Evli Fund Management Ltd (Finland) Stockholm Branch, Sweden
  - E6700 Evli Infrastucture Partners Oy (82%) Finland
  - EAI Residential Partners Oy (75%) Finland
  - EAI Feeder GP Oy (100%) Finland
  - Evli HC I GP Oy (82%) Finland
  - EGP General Partner Oy (67.5%) Finland
  - Evli Private Equity Partners Oy (80%) Finland
    - Evli Private Equity I GP Oy,(100%)
    - Evli Private Equity II GP Oy (100%)

Accounting policies

General consolidation principles

Subsidiaries

The consolidated financial statements comprise the financial statements of Evli Bank Plc and all the subsidiaries in which the parent company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group's internal shareholdings are eliminated using the acquisition method of accounting. The assets, liabilities, contingent assets and contingent liabilities of a company acquired according to the acquisition method are assessed at fair value at the time of acquisition. Intangible assets, such as trademarks, patents or client relationships, that are not included in the acquired company's balance sheet are identified and assessed in connection with the acquisition. Goodwill is recognized for the amount by which the transferred consideration, the share of non-controlling interests of the target of acquisition and the previously held share of the target of acquisition exceed the Group's share of the fair value of acquired net assets and liabilities.

All intra-group transactions, receivables, liabilities, unrealized gains and internal distribution of profits are eliminated in preparing the consolidated financial statements. Unrealized losses are not eliminated if the loss is due to impairment of an asset. The profit for the period attributable to the parent company's equity holders and non-controlling interests is presented in the income statement. The non-controlling interests' share of equity is presented separately in the balance sheet within equity. Comprehensive income is allocated to the parent company's owners and to non-controlling interests even if this would lead to the non-controlling interests' share becoming negative, unless the non-controlling interests have an exemption not to meet obligations which exceed the non-controlling interests' investment in the company.

Associated companies

The consolidated financial statements encompass those associates in which the parent company directly or indirectly owns 20-50 percent of the shares with voting rights or in which it otherwise exercises significant influence, but not control. Associates are consolidated using the equity method. The Group's share of associates' profit is presented separately in the income statement.

Companies outside the Group

Subsidiaries and associated companies in which the Group has a majority holding but in which a third party has control are not consolidated in the consolidated financial statements. Mutual funds managed on behalf of clients are also not consolidated, since the Group has no control over them.

Related party disclosures

The Group's related parties include the parent company, subsidiaries, and associates. Related parties also include the Group management consisting of the members of the Board of Directors and the Group's management team, as well as the board members of the subsidiaries.

Transactions between management and the company are typical transactions between the Bank and the client. The company's liabilities to management include the management's cash assets in their bank accounts in Evli. Similarly, receivables relate to potential market-priced loans management has drawn. There are no other exceptional loan arrangements compared to other Evli's clients.

	Country	Ownership, %	Share of voting rights, %
Minority share			
Evli Corporate Finance AB	Sweden	40.5	40.5
Terra Nova Capital Adv	United Arab Emirates	45	45
Evli Research Partners Oy	Finland	30	30
Evli Investment Solutions Oy	Finland	30	30
EAI Residential Partners Oy	Finland	25	25
Evli Private Equity Partners Oy	Finland	20	20
Evli HC I GP Oy	Finland	18	18
EGP General Partner Oy	Finland	32.5	32.5
Evli Infrastructure Partners Oy	Finland	18	18
Associated companies			
Northern Horizon Capital A/S	Denmark	50	45

Evli Bank Plc holds 50 percent of the share capital of Northern Horizon Capital A/S, which confers 45 percent of the votes in the company as agreed upon in the partnership agreement. Considering that Evli Bank Plc does not have control in the company, Northern Horizon Capital A/S is consolidated as an associated company by using equity method of accounting.

The minority interests recognized in the consolidated financial statements are generated from Evli Corporate Finance AB, Terra Nova Capital Advisors Ltd, Evli Research Partners Oy, Evli Investment Solutions Oy, EAI Residential Partners Oy, EGP General Partner Oy, Evli HC I GP Oy and Evli Infrastructure Partners Oy.

Financial success in companies with non-controlling owners

Company	Evli Corporate Finance AB	Terra Nova Capital Advisors Ltd	Evli Research Partners Oy	Evli Investment Solutions Oy	EAI Residential Partners Oy	Evli Private Equity Partners Oy	Evli HC I GP Oy	EGP General Partner Oy	Evli Infrastructure Partners Oy
Domicile	Sweden	United Arab Emirates	Finland	Finland	Finland	Finland	Finland	Finland	Finland
Assets	3.3	0.3	0.7	0.7	0.4	0.6	0.4	0.9	0.2
Liabilities	2.2	0.0	0.2	0.2	0.1	0.1	0.3	0.2	0.0
Profit/Loss for the financial year	1.1	0.2	0.4	1.0	0.3	0.0	0.0	0.6	0.0
Attributable to non-controlling interest	0.4	0.1	0.1	0.3	0.1	0.0	0.0	0.2	0.0
Dividends paid to non-controlling interest	0.5	0.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	2.2	0.0	0.3	1.4	0.2	-0.2	0.0	0.8	0.0
Cash flow from investing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-1.5	-0.2	-0.4	-1.1	-0.2	0.0	0.0	0.0	0.0
Change in cash and cash equivalents	0.9	-0.2	-0.1	0.2	0.0	0.3	0.0	0.8	0.2

8.2. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

Management judgment

An impairment is recognized in an associate's value if the company's financial position has deteriorated substantially or if the company's future outlook is deemed to contain substantial risk factors that, if realized, would weaken the associated company's financial position. The valuation is calculated using theoretical methods, and the impairment is reported in the income statement under "share of associated companies' profit".

Shares and participations in associates and joint ventures	2019	2018
At the beginning of the period	5.1	3.6
Share of profit/loss	-0.5	2.3
Additions	0.0	0.3
Disposals	-0.9	-1.0
At the end of the period	**3.8**	**5.1**

Holdings in consolidated associated companies

Company name	Northern Horizon Capital A/S
Domicile	Denmark
Assets	8.5
Liabilities	2.1
Revenue	4.8
Profit/Loss	-1.0
Profit adjustment	-0.1
Evli's share of profit/loss	-0.5
Ownership (%)	50.0

8.3. CHANGES IN CORPORATE STRUCTURE

The share capital of Evli Private Equity Partners Oy was strengthened with a private placement. In conjunction with this Evli's stake in the company decreased from the previous 100 percent to 80 percent.

Evli sold four percent of its shares in Evli Corporate Finance Ab to its employees. Following the transaction, Evli's ownership in the company is 59.5 percent.

A new company, Evli Infrastructure Partners Oy, was established in Evli Group. Evli's ownership in the company is 82 percent.

8.4. RELATED PARTY TRANSACTIONS

Transactions with related parties 2019	Subsidiaries	Associated companies	Group management
Sales	24.7	0.0	0.0
Purchases	2.2	0.0	0.0
Receivables	10.7	0.0	0.5
Liabilities	26.7	0.0	0.4
Shares owned by related parties: 14.057.857 pcs			
Transactions with related parties 2018			
Sales	27.2	0.0	0.0
Purchases	3.1	0.0	0.0
Receivables	6.2	0.0	0.4
Liabilities	23.5	0.0	0.5
Shares owned by related parties: 14,131,950 pcs			

8.5. FEES PAID TO AUDITORS

Fees payd to auditors	2019	2018
Audit - Group		
PricewaterhouseCoopers	0.2	0.2
Other companies	0.0	0.0
Audit - Parent Company		
PricewaterhouseCoopers	0.0	0.1
Other companies	0.1	0.0
Total	**0.3**	**0.4**
Other than auditing fees		
Other services - Group		
PricewaterhouseCoopers*	0.2	0.1
Other companies	0.0	0.0
Other services - Parent company		
PricewaterhouseCoopers	0.0	0.0
Other companies	0.0	0.0
Total	**0.2**	**0.1**

*The advisory services provided by PricewaterhouseCoopers Oy to Evli Group for the financial year 2019 comprise 171,599,64 euros.

Parent company's income statement

	Note	2019	2018
Interest income	9.1.	3.6	3.5
Interest expenses	9.2.	-3.2	-2.8
NET INTEREST INCOME		**0.4**	**0.7**
Income from equity investments	9.3.	10.7	13.6
Fee and commission income	9.4.	37.1	36.1
Fee and commission expenses	9.5.	-4.2	-5.1
Net income from securities transactions	9.6.	3.2	0.3
Other operating income	9.7.	4.5	5.0
NET REVENUE		**51.7**	**50.7**
Operating expenses			
Personnel expenses	9.8.	-18.5	-16.4
Other administrative expenses	9.9.	-9.7	-11.8
Depreciation and amortization on tangible and intangible assets	9.10.	-3.1	-1.1
Other operating expenses	9.11.	-3.0	-4.4
Excpected credit losses on loans and other receivables	9.12.	-0.1	0.0
Impairment losses on other financial assets	9.12.	0.0	0.0
OPERATING PROFIT/LOSS		**17.2**	**17.0**
PROFIT BEFORE INCOME TAX		**17.2**	**17.0**
Income taxes	9.13.	-1.4	-0.9
PROFIT / LOSS FOR THE FINANCIAL YEAR		**15.9**	**16.1**

Parent company's balance sheet

	Liite	2019	31.12.2018
ASSETS			
Cash and equivalents	9.14.	305.7	239.7
Debt securities eligible for refinancing with central banks	9.17.	36.1	31.1
Claims on credit institutions	9.15.	66.2	75.4
Claims on the public and public sector entities	9.16.	115.1	115.5
Debt securities	9.17.	227.6	223.2
Shares and participations	9.18./9.19.	56.9	55.2
Derivative contracts	9.20.	59.6	24.2
Intangible assets and goodwill	9.21.	9.8	10.3
Property, plant and equipment	9.22.	1.0	1.0
Other assets	9.23.	45.6	49.1
Accrued income and prepayments	9.24.	1.2	1.6
Deferred tax assets	9.25.	0.2	0.1
TOTAL ASSETS		**925.0**	**826.4**

	Liite	2019	31.12.2018
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions and central banks	9.26.	1.9	6.7
Liabilities to the public and public sector entities	9.27.	577.0	495.5
Debt securities issued to the public	9.28.	148.6	160.9
Derivative contracts and other liabilities held for trading	9.29.	59.7	24.3
Other liabilities	9.30.	52.4	58.3
Accrued expenses and deferred income	9.31.	8.5	5.7
Deferred tax liabilities	9.32.	0.0	0.0
TOTAL LIABILITIES		**848.1**	**751.4**
EQUITY	9.33.		
Share capital			
Share premium fund		30.2	30.2
Fund of invested non-restricted equity		1.8	1.8
Retained earnings		24.8	24.4
Profit/loss for financial year		4.3	2.5
TOTAL EQUITY		15.9	16.1
OMA PÄÄOMA YHTEENSÄ		**77.0**	**75.0**
TOTAL LIABILITIES AND EQUITY		**925.0**	**826.4**

Parent company´s statement of cash flow

	2019	2018
Operating activities		
Operating profit	17.2	18.0
Adjustment for items not included in cash flow	4.9	-3.7
Income taxes paid	-1.4	-0.9
Cash flow from operating activities before changes in operating assets and liabilities	**20.7**	**13.4**
Changes in operating asset	**-5.9**	**-15.7**
Changes in operating liablities	**63.5**	**-121.6**
Cash flow from operating activities	**78.3**	**-123.9**
Investing activities		
Change in intangible asset	-2.4	-1.1
Change in property, plant and equipment	-0.1	0.0
Loans granted to subsidiaries	0.0	1.5
Change in participating interests and subsidiaries	0.0	-4.6
Cash flow from investing activities	**-2.6**	**-4.2**
Financing activities		
Dividends paid	-14.4	-12.1
Acquisition of own shares	0.0	-0.1
Used option rights	0.4	0.0
Cash flow from financing activities	**-14.0**	**-12.2**
Cash and cash equivalents at the beginning of period	246.0	386.3
Cash and cash equivalents at the end of year	307.8	246.0
Change	**61.7**	**-140.3**

Parent Company´s accounting policies

Basic information on the company

Evli Bank Plc is domiciled in Helsinki and its registered address is Aleksanterinkatu 19 A, 00100 Helsinki.

Evli Bank Plc's financial statements are prepared and presented in accordance with the regulations of the Act on Credit Institutions, the Ministry of Finance decision regarding credit institutions' and investment services providers' financial statements and the Financial Supervisory Authority's regulations. The Accounting Act and the regulations on financial statements of the Limited Liability Companies Act are complied with, with the exceptions stated in Section 30(2) of the Act on Credit Institutions.

Evli Bank Plc's notes to the separate financial statements correspond to the Evli Group's principles, except for the exceptions listed below.

Employee benefits

Evli finances all its retirement plans as payments to employee pension companies.

Income taxes

Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The largest temporary differences arise from the depreciation of fixed assets.

Leases

Leases of property, plant and equipment in which the company bears a substantial portion of the risks and rewards of ownership are classified as finance leases. In the parent company financial statements, the payment made on the basis of such leases are treated as rental expenses. The assets acquired through finance leases are also not recognized in the balance sheet.

Parent company's notes to income statement

9.1. INTEREST INCOME	2019	2018
At fair value through profit or loss		
Debt securities	0.6	0.6
Derivative contracts	0.0	0.0
Interest income from other loans and claims		
Claims on credit institutions	0.2	0.1
Claims on the public and public sector entities	1.6	1.6
Other interest income	1.2	1.2
Interest income, total	**3.6**	**3.5**

9.2. INTEREST EXPENSES	2019	2018
At fair value through profit or loss		
Derivative contracts and trading liabilities	0.0	0.0
Interest expenses from other borrowing		
Liabilities to the public, public sector entities and credit institutions	-2.0	-1.6
Debt securities issued to the public	-0.5	-0.5
Other interest expenses	-0.7	-0.6
Interest expenses, total	**-3.2**	**-2.8**

9.3. INCOME FROM EQUITY INVESTMENTS	2019	2018
Dividends from associated companies	0.8	1.0
Dividends from financial assets valued at fair value	0.0	0.3
Dividends from group companies	9.9	12.3
Income from equity investments, total	**10.7**	**13.6**

9.4. COMMISSION INCOME	2019	2018
Credit related fees and commissions	0.1	0.1
Income from payment transactions	0.0	0.0
Insurance brokerage	0.0	0.0
Advisory services	1.4	0.9
Securities brokerage	9.6	7.7
Securities issue	0.0	0.0
Mutual funds	15.5	13.7
Asset management	5.3	5.9
Custody services	5.0	4.6
Other operations	0.1	3.2
Commission income, total	**37.1**	**36.1**

9.5. COMMISSION EXPENSES	2019	2018
Trading fees paid to stock exchanges	-0.9	-1.1
Other	-3.2	-4.0
Commission expenses, total	**-4.2**	**-5.1**

9.6. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING	2019	2018
Net income from securities transactions		
Financial assets held for trading	0.0	0.0
Financial assets at fair value through profit or loss	2.1	-0.8
Net income from securities transactions, total	**2.1**	**-0.9**

	Gains and losses on sales	Changes in fair value	Total	Total
Net income from securities transactions by instrument				
Debt securities	0.0	-0.5	-0.5	-0.8
Shares and derivative contracts	1.6	1.0	2.6	-0.1
Net income from securities transactions, total	**1.6**	**0.4**	**2.1**	**-0.9**
Net income from foreign exchange operations			1.1	1.2
Net income from securities transactions and foreign exchange operations, total			**3.2**	**0.3**

9.7. OTHER OPERATING INCOME	2019	2018
Rental income	0.0	0.0
Other income	4.5	5.0
Other operating income, total	**4.5**	**5.0**

9.8. EMPLOYEE BENEFITS		2019		2018
Wages and salaries		-15.6		-13.8
of which bonuses	-3.1		-1.2	
Other social security costs		-0.5		-0.5
of which relating to bonuses	-0.1		0.0	
Pension expenses		-2.4		-2.1
of which relating to bonuses	-0.3		0.2	
defined contribution plans	-2.4		-2.1	
Employee benefits, total		**-18.5**		**-16.4**

	2019	2018
Number of personnel during the period, average	158	163
Number of personnel at the end of the period	150	156
Employees by business segment at the end of the period		
Advisory and Corporate Clients	6	6
Wealth Management and Investor Clients	93	103
Group Operations	51	47
Total	**150**	**156**

9.9. OTHER OPERATING EXPENSES	2019	2018
Office expenses	-1.0	-1.2
IT and infosystems	-4.9	-6.1
Business expenses	-0.6	-0.8
Travel expenses	-0.2	-0.5
Car costs	0.0	0.0
Other HR related expenses	-0.7	-0.9
Marketing expenses	-0.5	-0.8
Banking and custodian expenses	-1.1	-0.9
External services	-0.7	-0.6
Other operating expenses total	**-9.7**	**-11.8**

9.10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	2019	2018
Depreciation and amortization		
From goodwill	-0.2	0.0
Applications and software	-1.7	-0.6
Other intangible assets	-1.0	-0.3
Equipment and furniture	-0.2	-0.1
Depreciation, amortization and impaiment losses, total	**-2.9**	**-1.0**

9.11. OTHER OPERATING EXPENSES	2019	2018
Supervision expenses	-0.5	-0.3
Rental expenses	-2.2	-2.5
Other expenses	-0.4	-1.7
Other operating expenses total	**-3.0**	**-4.4**

9.12. EXPECTED CREDIT LOSSES ON LOANS AND OTHER COMMITMENTS AND IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS	2019	2018
Claims on the public and public sector entities		
Expected credit losses on group level	0.0	0.0
Expected credit losses individual	-0.1	0.0
Guarantees and other off-balance sheet commitments	0.0	0.0
Sales receivables	0.0	0.0
Impairment losses on other financial assets	0.0	0.0
Impairment losses, total	**-0.1**	**0.0**

9.13. INCOME TAXES	2019	2018
Current tax expense	-1.4	-0.9
Taxes from previous years	0.0	0.0
Deferred taxes	0.0	0.0
Other taxes	0.0	0.0
Income taxes, total	**-1.4**	**-0.9**

Parent company's notes to balance sheet

9.14. CASH AND EQUIVALENTS	2019	2018
Balances with central banks	305.5	239.6
Other	0.2	0.1
Cash and cash equivalents total	**305.7**	**239.7**

9.15. CLAIMS ON CREDIT INSTITUTIONS	2019	2018
Repayable on demand		
Domestic credit institutions	2.0	1.1
Foreign credit institutions	0.1	5.2
Repayable on demand, total	**2.1**	**6.4**
Other than repayable on demand		
Domestic credit institutions	19.4	22.3
Foreign credit institutions	44.7	46.7
Other than repayable on demand, total	**64.1**	**69.1**
Claims on credit institutions, total	**66.2**	**75.4**

9.16. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR	2019	2018
Repayable on demand		
Financial and insurance corporations	0.4	0.2
Repayable on demand, total	**0.4**	**0.2**
Other than repayable on demand		
Enterprises and housing associations	25.0	27.2
Financial and insurance corporations	0.7	1.5
Households	74.5	74.6
Subordinated loans	0.0	0.0
Foreign countries	14.4	12.0
Other than repayable on demand, total	**114.7**	**115.3**
Claims on the public and public sector entities by sector, total	**115.1**	**115.5**

			2019	2018
9.17. DEBT SECURITIES	**Publicly quoted**	**Other**	**Total**	Total
Issued by public corporations				
Local government notes	0.0	220.0	220.0	207.6
Issued by other than public corporations	**0.0**	**220.0**	**220.0**	**207.6**
Issued by other than public corporations				
Bonds issued by banks	37.5	0.0	37.5	39.7
Other debt securities	1.2	4.9	6.1	7.0
Issued by other than public corporations	**38.8**	**4.9**	**43.7**	**46.7**
Debt securities, total	38.8	224.9	**263.7**	**254.3**
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0.0	0.0
Other			36.1	31.1
Debt securities				
On public sector entities			220.0	207.6
Other			7.6	15.6
Total			**263.7**	**254.3**
Debt securities by country				
Finland			247.2	235.6
Sweden			15.0	15.1
Switzerland			0.0	2.1
France			1.4	1.5
Canada			0.0	0.0
Norway			0.0	0.0
Holland			0.0	0.0
United States			0.0	0.0

9.18. SHARES AND PARTICIPATIONS

Fair valued through profit or loss

	2019		
Balance sheet category	**Publicly quoted**	**Other**	**Total**
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	0.0	0.0	0.0
Other	24.9	6.5	31.4
Shares and participations, total	**24.9**	**6.5**	**31.4**

	2018		
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	2.5	0.0	2.5
Other	21.1	6.0	27.2
Shares and participations, total	**23.7**	**6.0**	**29.7**

Net risk position is described in section Market Risk, Notes on Risk Position.

9.19. SHARES AND PARTICIPATION IN ASSOCIATES AND JOINT VENTURES

	2019	2018
At the beginning of the period	4.4	4.4
Additions/Disposals	0.0	0.0
At the end of the period	**4.4**	**4.4**
Shares and participations in group undertaking		
At the beginning of the period	21.2	28.1
Additions/Impairments	0.0	-7.0
At the end of the period	**21.2**	**21.1**

9.20. DERIVATIVE CONTRACTS

Overall effect of risks associated with derivative contracts					2019	2019
Nominal value of underlying , gross	Remaining maturity					
Held for trading	**Less than 1 year**	**1-5 years**	**5-15 years**	**Fair value (+/-)**	**ASSETS**	**LIABILITIES**
Interest rate derivatives						
Interest rate swaps	2.4	82.1	18.9	0.0	4.4	4.4
Equity-linked derivatives						
Futures	3.4	4.1	0.0	0.0	0.2	0.2
Options bought	3.7	0.0	0.0	0.3	0.3	0.0
Options sold	3.7	0.0	0.0	-0.3	0.0	0.3
Currency-linked derivatives	5,745.5	11.4	0.0	-0.1	54.7	54.8
Held for trading, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**
Derivative contracts, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**

Overall effect of risks associated with derivative contracts					2018	2018
Held for trading						
Interest rate derivatives						
Interest rate swaps	0.5	65.1	20.8	0.0	0.0	0.0
Equity-linked derivatives						
Futures	0.3	0.0	0.0	0.1	0.1	0.0
Options bought	5.9	37.4	0.0	0.9	0.9	0.0
Options sold	5.9	37.4	0.0	-0.9	0.0	0.9
Currency-linked derivatives	4,230.8	0.0	0.0	0.3	23.2	22.9
Held for trading, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**
Derivative contracts, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**

Equity derivatives held for trading, and other liabilities held for trading hedge the equity delta risk for shares and participations in the trading book. Net equity risk is presented in section Notes on risk position, Market Risk.

Equity derivatives in the banking book hedge the equity risk in equity-linked bonds issued to the public.

The interest rate derivatives hedge the interest rate risk in liabilities in the balance sheet.

Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (4.245 M€), and in USD (428 M€).

9.21. INTANGIBLE ASSETS AND GOODWILL	2019	2018
Goodwill		
Cost at 1.1.	**1.2**	**0.0**
Increases/Decreases	0.0	1.2
Cost at 31.12.	1.2	1.2
Accumulated depreciation at 1.1.	**0.0**	**0.0**
Impairment losses for the period	-0.3	0.0
Accumulated depreciation at 31.12.	-0.3	0.0
Book value at 31.12.	**0.9**	**1.2**
Software or projects in progress		
Cost at 1.1.	**2.0**	**0.2**
Increases/Decreases	-1.9	1.9
Cost at 31.12.	0.1	2.0
Book value at 31.12.	**0.1**	**2.0**
Applications and software		
Cost at 1.1.	**16.7**	**20.5**
Increases/Decreases	4.4	-3.8
Cost at 31.12.	21.1	16.7
Accumulated amortisation and impairment losses at 1.1.	**-12.0**	**-16.2**
Amortisation for the period	-1.7	-0.6
Accumulated amortisation in respect of decreases	0.0	4.8
Accumulated amortisation and impairment losses at 31.12.	-13.7	-12.0
Book value at 31.12.	**7.4**	**4.7**
Leasehold improvements FAS		
Cost at 1.1.	**1.4**	**1.4**
Cost at 31.12.	1.4	1.4
Accumulated amortisation and impairment losses at 1.1.	**-1.0**	**-0.9**
Amortisation for the period	-0.1	-0.1
Accumulated amortisation and impairment losses at 31.12.	**-1.1**	**-1.0**
Book value at 31.12.	**0.3**	**0.4**

	2019	2018
Other intangible assets		
Cost at 1.1.	**2.3**	**0.1**
Increases/Decreases	0.0	2.3
Cost at 31.12.	2.3	2.3
Accumulated amortisation and impairment losses at 1.1.	**-0.3**	**-0.1**
Amortisation for the period	-0.9	-0.2
Accumulated amortisation in respect of decreases	0.0	-0.1
Accumulated amortisation and impairment losses at 31.12.	1.1	-0.3
Book value at 31.12.	**1.1**	**2.0**
Intangible assets, total at 31.12.	**9.8**	**10.3**
Book value of intangible assets at 31.12.	**9.8**	**10.3**

9.22. PROPERTY, PLANT AND EQUIPMENT	2019	2018
Equipment and furniture		
Cost at 1.1.	**1.2**	**6.6**
Increases/Decreases	0.1	0.1
Vähennykset ja loppuunpoistetut	0.0	-5.5
Cost at 31.12.	1.3	1.2
Accumulated amortisation and impairment losses at 1.1.	**-0.8**	**-6.2**
Amortisation for the period	-0.2	-0.1
Accumulated amortisation in respect of decreases	0.0	5.5
Accumulated amortisation and impairment losses at 31.12.	-1.0	-0.8
Book value at 31.12.	**0.4**	**0.4**
Property, plant, and equipment, total 31.12.	**0.4**	**0.4**
Other tangible assets		
Cost at 1.1.	**0.6**	**0.6**
Cost at 31.12.	0.6	0.6
Book value at 31.12.	**0.6**	**0.6**
Property, plant and equipment, total at 31.12.	**1.0**	**1.0**
Book value of tangible assets at 31.12.	**1.0**	**1.0**

9.23. OTHER ASSETS	2019	2018
Securities sale receivables	2.1	1.9
Commission receivables	1.8	2.4
Securities broking receivables	26.1	39.3
Other receivables	15.6	5.4
Other assets total	**45.6**	**49.1**

9.24. ACCRUED INCOME AND PREPAYMENTS	2019	2018
Interest	0.4	0.4
Taxes	0.0	0.3
Staff-related	0.1	0.0
Other items	0.8	0.9
Accrued income and prepayments total	**1.2**	**1.6**

9.25. DEFERRED TAX ASSETS	2019	2018
Due to timing differences*	0.1	0.1
Deferred taxes total	**0.2**	**0.1**

*Deferred tax assets result from timing differences in fixed asset depreciation.

9.26. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS	2019	2018
Credit institutions		
Repayable on demand	0.2	0.0
Other than repayable on demand	1.7	6.7
Liabilities to credit institutions and central banks, total	**1.9**	**6.7**

9.27. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES	2019	2018
Deposits		
Repayable on demand	576.9	495.4
Other than repayable on demand	0.1	0.0
Liabilities to the public and public sector entities, total	**577.0**	**495.5**

9.28. DEBT SECURITIES ISSUED TO THE PUBLIC	2019	2018
Certificate of deposits	25.0	43.0
Bonds	123.6	118.0
Debt securities issued to the public, total	**148.6**	**160.9**
Changes in bonds issued to the public		
Issues	49.5	67.0
Repurchases	44.3	23.7

9.29. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING	2019	2018
Derivative contracts	59.7	23.8
Due to short selling of shares	0.0	0.6
Derivative contracts and other liabilities held for trading, total	**59.7**	**24.3**

9.30. OTHER LIABILITIES	2019	2018
Securities broking liabilities	32.3	52.1
Securities purchase liabilities	15.0	0.1
Income tax payable	0.1	0.1
Personnel related	0.4	0.4
Other short-term liabilities	3.4	3.5
Prepayments of cash customers	0.9	1.8
VAT payable	0.3	0.3
Other liabilities, total	**52.4**	**58.3**

9.31. ACCRUED EXPENSES AND DEFERRED INCOME	2019	2018
Interest	0.3	0.2
Tax payables	1.0	0.0
Personnel related	6.2	4.8
Other accrued expenses	1.0	0.7
Accrued expenses and deferred income, total	**8.5**	**5.7**

9.32. DEFERRED TAX LIABILITIES	2019	2018
Due to timing differences	0.0	0.0
Deferred tax liability, total	**0.0**	**0.0**

9.33. EQUITY CAPITAL	2019	2018
Share capital		
Book value 1.1.	30.2	30.2
Book value 31.12.	**30.2**	**30.2**
Share premium		
Book value 1.1.	1.8	1.8
Book value 31.12.	**1.8**	**1.8**
Fund of invested non-restricted equity		
Book value 1.1.	24.4	24.0
Increases/Decreases	0.4	0.5
Acquisition of own shares	0.0	-0.1
Book value 31.12.	**24.8**	**24.4**
Retained earnings from previous years		
Retained earnings 1.1.	18.6	14.8
Dividends	-14.4	-12.3
Translation difference and other changes in retained earnings	0.0	0.0
Retained earnings 31.12.	4.2	2.5
Profit for the period	**15.9**	**16.1**

Own shares held by the credit institution

The company has not acquired own shares during 2019. On December 31, 2019 the company held a total of 375,387 own shares.

Share capital, parent company

Evli has two share series: series A and series B.

The A share confers 20 votes in a General Meeting while a B share confers one vote.

Number of shares-A-shares	15,160,875 shares
Number of shares-B-shares	8,740,545 shares
Total number of shares is	23,901,420 shares

9.34. MATURITIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF CREDIT INSTITUTION

Debt securities, loans and other claims, derivatives and financial liabilities at amortized cost are reported in the maturity class according to the maturity of the instrument. Shares and participations are reported so that quoted shares in the trading book and quoted mutual funds are in the shortest maturity period. Unquoted shares are reported according to the estimated liquidation period, and venture capital- and real estate funds are reported according to the expected ending day of the fund.

	2019						2018					
	Less than 3 months	**3-12 months**	**1-5 years**	**5-10 years**	**over 10 years**	**Total**	Less than 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
Assets												
Cash and cash equivalents	305.7	0.0	0.0	0.0	0.0	**305.7**	239.7					**239.7**
Financial assets at amortized cost												
Claims on credit institutions	66.2	0.0	0.0	0.0	0.0	**66.2**	75.4	0.0	0.0	0.0	0.0	**75.4**
Claims on the public and public sector entities	8.7	27.9	72.4	6.1	0.0	**115.1**	5.6	24.1	78.6	7.2	0.0	**115.5**
Financial assets at fair value through profit or loss												
Debt securities eligible for refinancing with central banks	13.0	18.0	5.0	0.0	0.0	**36.1**	0.0	0.0	31.1	0.0	0.0	**31.1**
Debt securities	206.2	17.5	1.1	0.0	2.9	**227.6**	200.9	9.2	9.2	3.9	0.0	**223.2**
Shares and participations	24.9	1.6	2.7	2.1	0.1	**31.4**	23.7	1.1	2.3	2.6	0.0	**29.7**
Derivative contracts	54.5	0.5	3.8	0.8	0.0	**59.6**	22.7	0.9	0.6	0.0	0.0	**24.2**
Accrued interest	0.2	0.1	0.0	0.0	0.0	**0.4**	0.2	0.2	0.0	0.0	0.0	**0.4**
Liabilities												
Financial liabilities at amortized cost												
Liabilities to credit institutions	1.4	0.5	0.0	0.0	0.0	**1.9**	5.2	1.5	0.0	0.0	0.0	**6.7**
Liabilities to the public and public sector entities	576.9	0.1	0.0	0.0	0.0	**577.0**	495.5	0.0	0.0	0.0	0.0	**495.5**
Debt securities issued to the public	12.2	22.8	94.7	18.9	0.0	**148.6**	0.2	47.4	91.6	21.8	0.0	**160.9**
Financial liabilities at fair value through profit or loss	55.4	0.5	3.8	0.0	0.0	**59.7**	22.9	0.8	0.6	0.0	0.0	**24.3**
Accrued interest, debt	0.3	0.0	0.0	0.0	0.0	**0.3**	0.2	0.0	0.0	0.0	0.0	**0.2**
Off-balance sheet commitments	8.6	2.2	1.8	0.4	0.0	**13.1**	2.9	2.0	0.9	0.1	0.0	**5.9**

9.35. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

Assets	**Domestic currency**	**Foreign currency**	**2019 Total**	Domestic currency	Foreign currency	2018 Total
Financial assets at amortized cost						
Cash and cash equivalents	305.7	0.0	305.7	239.7	0.0	239.7
Claims on credit institutions	61.9	4.3	66.2	68.1	7.4	75.4
Claims on the public and public sector entities	114.0	1.1	115.1	114.6	0.9	115.5
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	36.1	0.0	36.1			
Debt securities	226.2	1.4	227.6	250.7	3.6	254.3
Shares and participations	31.0	0.4	31.4	29.2	0.5	29.7
Derivative contracts	57.8	1.8	59.6	24.2	0.0	24.2
Other asset items	71.3	12.0	83.3	73.5	14.1	87.7
Total	**904.1**	**21.0**	**925.0**	**799.9**	**26.5**	**826.4**
Liabilities						
Financial liabilities at amortized cost						
Liabilities to credit institutions	1.9	0.0	1.9	6.7	0.0	6.7
Liabilities to the public and public sector entities	512.3	64.7	577.0	421.8	73.7	495.5
Debt securities issued to the public	148.6	0.0	148.6	160.9	0.0	160.9
Financial liabilities at fair value through profit or loss	57.9	1.8	59.7	24.3	0.0	24.3
Other liabilities items	47.6	13.3	60.9	48.4	15.5	64.0
Total	**768.2**	**79.8**	**848.1**	**662.2**	**89.2**	**751.4**

The largest foreign currency assets and liabilities are in SEK (assets 4.2 M€, liabilities 30.6 M€) and USD (assets 11.0 M€, liabilities 33.5 M€). Derivatives positions which hedge the foreign exchange risk are not included in these figures.

9.36. SECURITIES LENDING	2019	2018
Market value of securities lending at 31.12., lent in	0.0	9.3
Market value of securities lending at 31.12., lent out	0.0	0.1

9.37. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES	Book value 2019	Fair value 2019
Financial assets		
Cash and equivalents	305.7	305.7
Debt securities eligible for refinancing with central banks	36.1	36.1
Claims on credit institutions	66.2	66.2
Claims on the public and public sector entities	115.1	115.1
Debt securities	227.6	227.6
Shares and participations	31.4	31.4
Derivative contracts	59.6	59.6
Financial liabilities		
Liabilities to credit institutions and central banks	1.9	1.9
Liabilities to the public and public sector entities	577.0	577.0
Debt securities issued to the public	148.6	149.1
Derivative contracts and other liabilities held for trading	59.7	59.7

9.38. ASSETS PLEDGED AS COLLATERAL

ASSETS	Fair value of encumbered assets 2018	Fair value of unencumbered assets 2018	of which usable as collateral 2018
Cash and cash equivalents	0.0	305.7	299.0
Debt securities eligible for refinancing with central banks	34.1	2.0	2.0
Claims on credit institutions	64.1	2.1	2.1
Claims on the public and public sector entities	0.0	115.1	0.0
Debt securities	0.0	227.6	0.0
Shares and participations	0.0	31.4	0.0
	98.2	**683.9**	**303.1**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	12.0		
Collateral for OTC derivatives trades	52.1		
Collateral for securities lending			
Bank Of Finland, collateral for daily limit account	34.1		
	98.2		

Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**65.4**

ASSETS	2018	2018	2018
Cash and cash equivalents		239.7	233.7
Debt securities eligible for refinancing with central banks	31.1		
Claims on credit institutions	69.1	7.8	7.8
Claims on the public and public sector entities		114.6	
Debt securities	5.0	218.2	
Shares and participations		30.1	
	105.2	**610.3**	**241.5**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	18.7		
Collateral for OTC derivatives trades	46.1		
Collateral for securities lending	6.2		
Bank Of Finland, collateral for daily limit account	34.1		
	105.2		

Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**43.9**

9.39. OTHER RENTAL COMMITMENTS	2019	2018
Rental liabilities up to one year	2.2	1.8
Rental liabilities over one year and less than 5 years	2.7	3.8
Rental liabilities over 5 years	0.0	0.0
Leasing liabilities not later than one year	0.0	0.3
Leasing liabilities over year not later than five year	0.0	0.3

9.40. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS	2019	2018
Commitments given to a third party on behalf of a customer*	6.9	1.8
Irrevocable commitments given in favour of a customer	0.3	3.8
Guarantees on behalf of others	0.5	0.0
Unused credit facilities, given to clients	5.4	2.4

*Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers. The customers have covered their derivatives collateral to Evli in full. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

Board of Directors' proposal to the General Meeting for profit distribution

The parent company's distributable assets on December 31, 2019 totaled EUR 44,935,475.25 of which EUR 20,128,353.71 were retained earnings and EUR 24,807,121.54 were in the reserve for invested unrestricted equity. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.66 per share be paid. The total proposed dividend calculated according to the amounts of shares on the balance sheet date is EUR 15,527,181.78.

There have been no major changes in the company's financial position after the end of the financial year. The proposed distribution of profit does not endanger the financial solidity or liquidity of the company.

Helsinki, February 7, 2020

Henrik Andersin
Chairman

Robert Ingman

Fredrik Hacklin

Sari Helander

Mikael Lilius

Teuvo Salminen

Maunu Lehtimäki
CEO

Auditor's Note
Based on the auditing an audit report has been issued today.
Helsinki, February 7, 2020

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

(Translation of the Finnish Original)

Auditor's report

To the Annual General Meeting of Evli Bank Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Evli Bank Plc (business identity code 0533755-0) for the financial year January 1 to December 31, 2019. The financial statements comprise:

- the consolidated comprehensive income statement, consolidated balance sheet, consolidated statement of cash flow, consolidated statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies
- the parent company's income statement, parent company's balance sheet, parent company's statement of cash flow and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

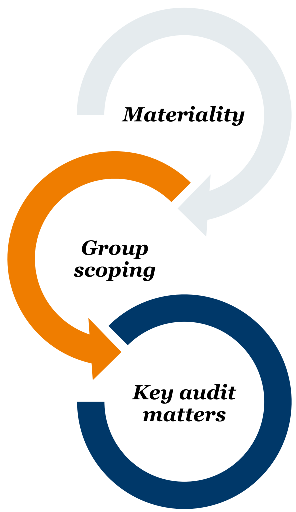
Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 8.5 to the Financial Statements.

Our Audit Approach

Overview



Materiality

- Overall group materiality: EUR 3.5 million, which represents 0.38% of the balance sheet total

Group scoping

- In addition to the parent company, the group audit scope included four significant companies

Key audit matters

- Recognition of commission income
- Valuation of financial assets and financial liabilities measured at fair value

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered areas where management made subjective judgements; for example, in respect of significant accounting estimates that involve assumptions and evaluation of future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of the audit and the nature, timing and extent of the audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	EUR 3.5 million (previous year EUR 3.5 million)
How we determined it	0.38% of the balance sheet total
Rationale for the materiality benchmark applied	We chose the balance sheet total as a benchmark, because in our view, it is the appropriate benchmark to assess the group's performance, and it is a generally accepted benchmark. We chose 0.38%, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of Evli Group, the accounting processes and controls, and the industry in which the group operates.

We determined the type of work that needed to be performed at group companies by us, as the group engagement team. Audits were performed in group companies which were considered significant either because of their individual financial significance or due to their specific nature, covering the majority of revenue, assets and liabilities of the group. Analytical procedures were performed to cover the remaining group companies.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Recognition of commission income	
Note 1.3 in the consolidated financial statements The assets managed by Evli Group entitle it to fee and commission income under the agreements made with customers and cooperation parties. The accuracy of calculation of commission and fee income inherently involves risk, considering that the calculation is system-based and partly manual based on contract data and other source data. Commission income in the consolidated financial statements was EUR 74.1 million representing a significant item in the consolidated income statement. We have determined recognition of commission and fee income as a key audit matter due to above mentioned aspects.	We obtained an understanding of business processes and IT systems related to commission and fee income and assessed the control environment. Our audit work also included a comparison of accounting data between sub-ledger systems and the general ledger. Furthermore, we have performed substantive testing of commission and fee income. We have assessed calculation models for recognized commission and fee income and compared the input parameters applied in the calculations to agreements on a sample basis.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of financial assets and financial liabilities measured at fair value	
Notes 2.4, 2.5, 7.1, 7.3, 7.4, 7.5 and 7.6 in the consolidated financial statements Determination of fair values is based on valuation principles outlined in the accounting policies of Evli Group's financial statements. A significant amount of financial assets and liabilities valued at fair value (hereafter referred to as "investments") is comprised of investments for which a quoted market price cannot be obtained, i.e. hierarchy level 2 and 3 investments. Fair values for these are based on valuation models that involve management judgment. Investments are a material line item in Evli Group's financial statements, and we have therefore determined their valuation as a key audit matter.	We have evaluated the valuation process, valuation model and control environment of investments and the compliance with the accounting policies in Evli Group. In connection with our audit, we have compared input parameters applied in the valuation model to market quotations and other external price sources and assessed the results of the valuation model. We have also assessed the appropriateness of the notes in the consolidated financial statements regarding investments.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's 's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or con-

ditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business operations within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on March 13, 2017. We have acted as auditors consecutively for three fiscal years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion
- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 7 February 2020

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant (KHT)

Governance

In addition to statutory tasks and tasks laid out in the Board's rules of procedure, the Board focused in 2019 on, among other things, responsibility at Evli, projects to improve customer experience and on clarifying the strategy focus areas. The main themes of the strategy, increasing customer base and product offering, remained unchanged. In addition to these, responsibility and operational efficiency were highlighted in the strategy.

Corporate governance statement

The governance of Evli Bank Plc ("Evli" or "company") is based on the Articles of Association, the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the Market Abuse Regulation (MAR), the regulations of the Finnish Financial Supervisory Authority, the rules and regulations of Nasdaq Helsinki Ltd, and other statutes and regulations concerning the governance of public limited companies. The Articles of Association, the published policies and other information on Evli's corporate governance can be found at the company's website **www.evli.com/investors**.

Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The Code can be viewed in full on the Securities Market Association's website at **www.cgfinland.fi/en**.

This Corporate Governance Statement referred to in Chapter 7, section 7 of the Securities Markets Act (746/2012) has been compiled in compliance with the Finnish Corporate Governance Code and it has been prepared as a separate report from the Board of Directors' Report.

Evli's governance structure

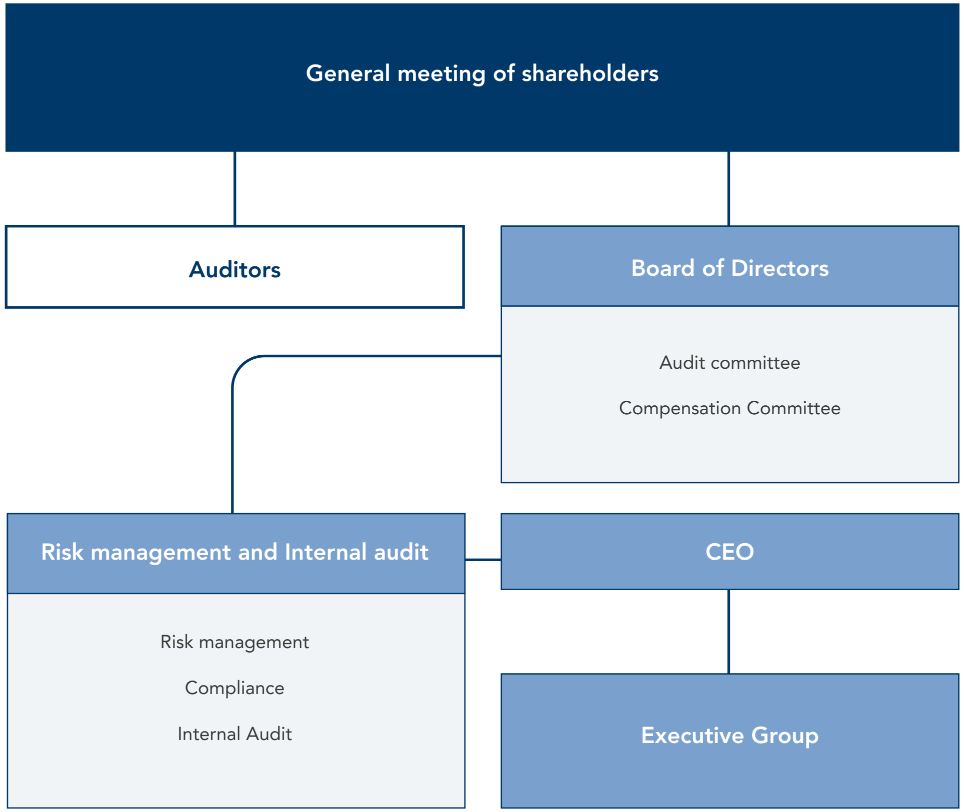
Evli's management and business operations are the responsibility of the General Meeting, the Board of Directors and the CEO, whose tasks are determined in the Finnish Limited Liability Companies Act and in Evli's Articles of Association. Evli Group's Executive Group assists the CEO in the operative management of the company. The Executive Group consists of managers of the business areas and group functions, and it helps the CEO in the approval and execution of group-level operating principles and procedures. The Executive Group is chaired by the CEO.

Evli Bank's Board of Directors is primarily responsible for Evli Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the risk limits of the Group and other general guidelines according to which the risk management and internal audit are organized.

General Meeting of Shareholders

The ultimate decision-making power in the company is exercised by shareholders at General Meetings. By participating in the General Meeting either personally or via a proxy, a shareholder may exercise his/her right to vote and make inquiries and participate in decision-making on matters concerning the company. At the General Meeting, each Series A share of Evli Bank Plc entitles its holder to twenty (20) votes and each Series B share to one (1) vote.

Evli Bank Plc's Governance Structure



General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company's financial statements, at a place and on a date designated by the Board of Directors. The date must be no later than the end of June.

Matters to be discussed at a General Meeting are specified in the Limited Liability Companies Act and in Evli's Articles of Association. The General Meeting normally discusses not only the matters specified by law and in the Articles of Association but also items presented to the meeting by the Board of Directors. Under the Limited Liability Companies Act, shareholders are also entitled to bring for discussion at a General Meeting any matter that falls within the authority of the meeting.

A notice to the General Meeting is published no earlier than three (3) months prior the record date of the General Meeting, and no later than three (3) weeks prior to the General Meeting, however, no later than nine (9) days before the record date of the General Meeting. The notice is published on Evli's website **www.evli.com** and as stock exchange release. The Board of Directors may, at their discretion, announce the General Meeting in one or more newspapers.

Documents to be presented in the General Meeting and the Board's proposals for decisions to the General Meeting are made available at Evli's website (**www.evli.com**) three (3) weeks before the General Meeting.

Annual General Meeting (AGM)

At the AGM, information is presented about the company's activities. The AGM also decides on the following:

- adoption of the financial statements of the previous financial year
- the company's profit distribution
- discharging the Board members and the CEO and his/her deputy from liability
- election of Board members and their remuneration
- appointment of auditors and their remuneration.

In 2019 the AGM was held in Helsinki on March 12, 2019. A total of 60 shareholders participated in the AGM either personally or via a legal representative or an authorized proxy. A total of 69 percent of votes entitled by all shares were represented. The AGM participants included the Board members (except Mikael Lilius), the CEO and the principally responsible auditor of the company's auditing firm.

Extraordinary General Meeting

The Board of Directors may convene an Extraordinary General Meeting if it considers this necessary. The auditor and any shareholder with more than ten percent of the company's shares also have the right to demand that an Extraordinary General Meeting be called to discuss a matter to be presented by the auditor or shareholder.

No Extraordinary General Meetings were held in 2019.

Board of Directors

The AGM of Evli Bank Plc elects each year a Board of Directors, which, between General Meetings, exercises the ultimate decision-making power in Evli Group. The task of Evli's Board is to manage the company in accordance with the laws and official regulations, and in compliance with the Articles of Association and the decisions of the General Meeting.

Duties of the Board of Directors

The Board has approved a written procedure defining its duties and meeting practices. The tasks of the Board are:

- taking responsibility for the company's administration and appropriate organization of operations
- ensuring that the company's accounting and asset management are monitored in an appropriate manner
- handling of all matters that are of extensive and fundamental importance for the operation of the company and the entire Group
- deciding upon the Evli Group's business strategy and approving the budget
- confirming the principles for the arrangement of Evli Group's risk management and internal audit
- appointing the CEO and the members of the Executive Group and relieving them of their duties
- deciding on the CEO's salary and other benefits
- approving the objectives for the Group's human resources planning and monitoring the implementation of these objectives
- deciding the basis for the Group's remuneration system and other comprehensive matters that concern the personnel.

In accordance with the principles of good governance, the Board also ensures that the company, in its operations, endorses the corporate values that have been set out for compliance.

The Board conducts an annual review of its activities and working practices in the form of an internal self-assessment.

Composition of the Board of Directors

The AGM elects four to eight (4-8) members to Evli's Board of Directors among representatives of major shareholders and external independent experts.

The major shareholders of the company prepare a proposal on the composition of the Board for the AGM. The Board members should be elected so that the composition of the Board is as diverse as possible and supports Evli's business goals and meets the following principles:

- The Board as a whole must have sufficient competence and experience to be able to carry out its duties diligently and efficiently, taking into consideration the type and scope of the company's operations and its strategic goals and the changes of business and the rest of society.
- The members of the Board should have supplementary education and skills and

experience in areas that are important to the company.
- The members of the Board should have experience of Board work and executive duties in business or other areas of society.
- The Board should include both men and women as far as is possible
- The Board should also be diverse in terms of age distribution and number of terms.

In addition, in accordance with the Corporate Governance Code 2020, persons elected to the Board must have the opportunity to spend sufficient time carrying out their duties.

All Board candidates must submit their own assessment of their independence to the Board at least once every year. In addition, the company also evaluates the independence of all existing members on the basis of documents in its possession and, when needed, using public documents in accordance with the Corporate Governance Code issued by the Securities Market Association in 2020 or other applicable regulations.

The Board members are elected for a term of one year, which starts at the conclusion of the AGM and ends at the conclusion of the next AGM following the election. The Board elects a chairman and a deputy chairman among themselves.

Evli Bank Plc's AGM held on March 12, 2019 confirmed six (6) as the number of members of its Board of Directors. Henrik Andersin, Robert Ingman, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. In addition, Sari Helander and Fredrik Hacklin were elected as new members of the Board of Directors. Johanna Lamminen, a previous member of the Board announced to the AGM that she will resign from the Board of Evli Bank Plc. The Board elected Henrik Andersin as the Chairman and Mikael Lilius as the deputy Chairman.

In 2019, the Board of Directors convened ten times. The average attendance rate of Board members at the meetings was 100 percent.

Evli Bank Plc's Board of Directors in 2019

Nimi	Personal data	Attendance at board meetings in 2019	Ownership in the company*, number of shares		Independent of the company	Independent of the shareholders
			A-shares	B-shares		
Henrik Andersin	Board member since 1985, Chairman of the Board since 2006 Born 1960, M.Sc. (Econ) Committee memberships: Compensation Committee	10/10	3,803,280	950,820		
Fredrik Hacklin	Board member since 2019** born 1978, Ph.D. (Management), M.Sc. (Engineering) Committee memberships: Compensation Committee	8/8			√	√
Sari Helander	Board member since 2019** born 1967, M.Sc. (Econ) Committee memberships: Audit Committee	8/8		1,800	√	√
Robert Ingman	Board member since 2010 Born 1961, M.Sc. (Tech), M.Sc. (Econ. and Business Administration Committee memberships: Audit Committee	10/10	1,860,000***	602,000	√	
Johanna Lamminen	Board member since 2015**** Born 1966, D.Sc. (Tech), MBA Committee memberships: Audit Committee	2/2		306	√	√
Mikael Lilius	Board member since 2010 Born 1949, B.Sc. (Econ. and Business Administration). Committee memberships: Compensation Committee (Chairman)	10/10		38,480	√	√
Teuvo Salminen	Board member since 2010 Born 1954, M.Sc. (Econ. and business administration) Committee memberships: Audit Committee (Chairman)	10/10		50,000	√	√

*Shareholding on December 31, 2019, including holdings through a controlled company, **Board Member since March 12, 2019., ***Includes holdings of Ingman Group Oy Ab ****Board Member until March 12, 2019.

Participation of each member in the meetings is listed in the table above.

Evli's current Board of Directors consists of industry experts and the company's major shareholders. The Board has assessed the independence of its members and has concluded that all the members are independent of the company, excluding Henrik Andersin. With the exception of Henrik Andersin and Robert Ingman the other Board members are independent of the company's significant shareholders. Based on the shareholdings of controlled companies Henrik Andersin and Robert Ingman are not independent of the company's significant shareholders.

Operations of the Board in 2019

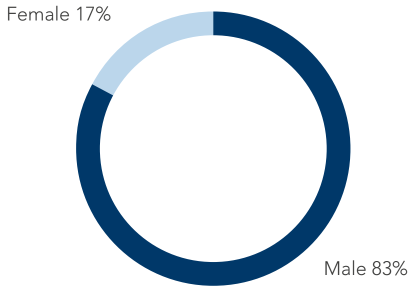
In addition to statutory tasks and tasks laid out in the Board's rules of procedure, the Board focused in the spring 2019 on personnel issues and responsibility at Evli. In terms of personnel issues, young future Evli employees and the creation of a meaningful work environment were reviewed. In terms of responsibility, the Board focused on responsible investments and its integration into all business operations. The Board also assessed the current strategy and its progress, especially with regard to information system projects. Projects to improve customer experience, as well as measures to develop online services and the traditional asset management model, were also on the Board's agenda.

In the summer, the Board focused on analyzing the Group's strategy and the success of its implementation. The main focus of the background work was on the impact of the changes in the market environment. On the basis of this work, the Board clarified Evli's strategic priorities in the autumn. As a result, the main themes of the strategy, increasing the customer base and product offering, remained unchanged. In addition to these, responsibility and operational efficiency were made focus areas. Simultaneously, the Board also reviewed the Group structure and its functionality, considering the Group's wide product range.

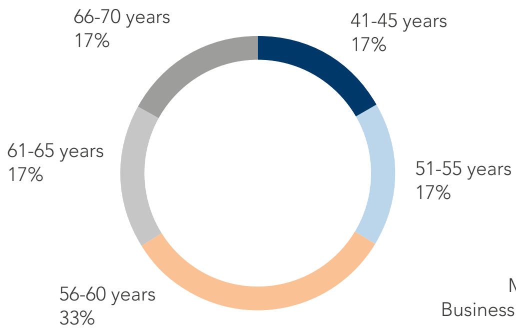
Diversity of the Board of Directors

The principles concerning diversity of the Board of Directors are stated in the Board's diversity policy that the Board approved on December 13, 2017. Diversity strengthens Evli's goal of having a Board whose overall competence profile supports the development of Evli's business. Diversity is seen as a key success factor that enables Evli to reach its strategic goals and continuously improve its client-centric operations.

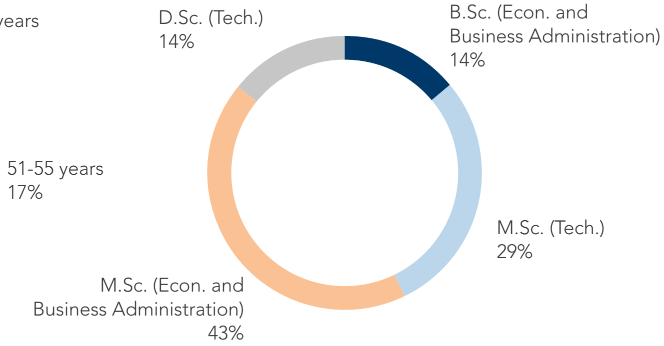
Board diversity - gender



Board diversity - age



Board diversity - education



The diversity of the Board is viewed from different perspectives. For Evli, the essential factors are the Board members' versatile and complementary expertise, experience from various industries and management, and the personal qualities of the members. The age and gender distribution of the Board members are taken into account, which supports the diversity of the Board.

The actualization and development of diversity towards the goals is evaluated in the annual self-evaluation discussion of the Board.

At the end of the financial year 2019, the Board members represented a wide range of expertise on management and board tasks in several industries, and their educational backgrounds and expertise complement each other. Both genders were represented on the Board. 17 percent of the Board members were female, and 83 percent were male. The median of the year of birth of the Board members was 1961, and the age difference between the youngest and the oldest member was 29 years.

Committees set up by the Board

The Board has established an Audit and a Compensation Committee to prepare matters to be handled by the Board. The committees have no independent decision-making power; instead, decisions are made by the Board on the basis of recommendations and information supplied by the committees. The committees make regular reports on their activities to the Board.

Audit Committee

The Audit Committee is responsible for assisting the Board in ensuring that the company has an adequate internal audit system covering all operations and that the company's risk management has been arranged appropriately, and it also monitors the financial statements reporting process.

The Audit Committee is also responsible for:

- Overseeing the accuracy and correctness of the company's financial reporting, and monitoring the statutory auditing of the financial statements and consolidated financial statements
- Preparing the proposal on the appointment of auditors and the auditors' fees, to be made to the AGM
- Ensuring that the company's operations and internal audit have been arranged in accordance with all applicable laws, regulations, and good management and governance practices
- Monitoring the activity and efficiency of the internal audit function
- Assessing the independence of the statutory auditor or auditing firm, and especially the provision of ancillary services to the company.

The Audit Committee consists of at least two members, who may not be part of the company's management and must be independent of the company. In addition to the Committee's regular members, the meetings are attended by the auditors, the CEO, the CFO and the internal auditor. The committee meets every quarter. The Audit Committee's members are Teuvo Salminen (Chairman), Robert Ingman and Sari Helander. The committee met five times in 2019. The Audit Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in the table below.

NAME	ROLE	ATTENDANCE IN AUDIT COMMITTEE MEETINGS 2019
Teuvo Salminen	Chairman	5/5
Sari Helander	Member*	4/4
Robert Ingman	Member	5/5
Johanna Lamminen	Member**	1/1

*Member of the Board since March 12, 2019. **Member of the Board until March 12, 2019.

Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in the preparation of matters related to the company's employment terms and compensation.

In addition, the Compensation Committee assists the Board in the following:

- Preparation of matters related to the compensation and incentive systems for management and personnel
- Regular assessment of the functioning of and compliance with the compensation system.

The committee consists of at least two members, elected by the Board from among its members. The committee Chairman is chosen from among the committee members and must be an independent Board member. The members of Evli's Compensation Committee are Mikael Lilius (chairman), Henrik Andersin and Fredrik Hacklin. The committee met four times in 2019. The Compensation Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in the table below.

NAME	ROLE	ATTENDANCE IN COMPENSATION COMMITTEE MEETINGS 2019
Mikael Lilius	Chairman	4/4
Henrik Andersin	Member	4/4
Fredrik Hacklin	Member*	3/3

*Member of the Board since March 12, 2019.

Corporate management

Evli's corporate structure

Evli's business operations is organized around two client segments: Wealth Management and Investor Clients, and Advisory and Corporate Clients. These are supported by common group functions, which include Information Management, Financial Administration, Marketing, Communication, Investor Relations, Legal department and Compliance, Human Resources, Internal Services, Risk Management and Internal Audit.

Corporate management

Evli's Board of Directors appoints the company's CEO and decides the terms and conditions of his or her service relationship. The CEO is responsible for the company's day-to-day management in compliance with the instructions and decisions provided by the Board of Directors. Evli Group's Executive Group assists the CEO in the operative management of the company.

CEO

The CEO's duties include the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. In accordance with the Limited Liability Companies Act, the CEO ensures that the company's accounting is lawful, and that the asset management is arranged reliably.

The CEO's period of notice is six months, and the severance compensation payable to the CEO in addition to the salary for the period of notice corresponds to 12 months' salary. The CEO's retirement age is 63 years. The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2019, the CEO was paid EUR 381,840 in salary and fringe benefits, performance bonuses amounting to EUR 49,000 and a supplementary pension of EUR 57,276, totaling EUR 488,116. In addition, the CEO subscribed to the 212,500 shares granted to him in the Option-program 2014. The total value of the subscription was EUR 1,810,500 based on the closing price on the subscription day. The CEO was issued 40,000 stock options 2016 and 50,000 Evli shares were allocated as part of the share-based incentive plan established in 2019.

Executive Group

The Executive Group consists of the CEO and six members. The CEO presents a proposal regarding the choice of members to the Executive Group, and these names are then subject to confirmation by the Board of Directors. The CEO convenes the Executive Group as necessary and serves as its Chairman. The Executive Group normally meets twice a month. The Executive Group's task is to support the CEO in preparing and implementing the strategy and in coordinating the Group's operations. The Executive Group's duties also include preparing and executing matters that are significant or involve fundamental principles and ensuring internal co-operation and communication.

Operations of the Executive Group in 2019

In 2019, the Executive Group met on average twice a month. Similar to the previous year, the

Evli's Executive Group in 2019

		Ownership in the company*, number of shares	
NAME	Area of responsibility	A-share	B-share
Maunu Lehtimäki** born in 1967, M.Sc. (Econ.)	CEO	533,728	155,932
Mari Ethólén*** born 1973, LL.M.	Legal and Human Resources functions	60,000	16,306
Panu Jousimies**** born in 1969, M.Sc. (Econ.)	Production and execution of securities transactions	59,691	114,249
Janne Lassila***** born in 1965, M.Sc. (Econ.)	Institutional clients	125,248	22,989
Juho Mikola****** born in 1981, M.Sc. (Econ.)	Financial and Group Administration, Deputy CEO	68,000	17,219
Esa Pensala******* born in 1974, M.Sc. (Tech)	Private clients	142,000	35,500
Kim Pessala******** born in 1969, M.Sc. (Econ.)	Institutional clients	12,331	120,331
Mikael Thunved**** born in 1965, B.Sc. (Econ.)	Corporate Finance business	-	140,000

*Shareholdings on December 31, 2019, including holdings through controlled entities.

**Holds 40,000 stock options under the 2016 stock option program. 50,000 Evli shares allocated under the share-based incentive scheme established in 2019.

***4,667 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.

****20,000 Evli shares allocated under the share-based incentive scheme established in 2019.

*****Member of the Executive Group until April 1, 2019.

****** Holds 35,000 stock options under the 2016 stock option program. 27,000 Evli shares allocated under the share-based incentive scheme established in 2017, 4,667 Evli shares under the share-based incentive scheme established in 2018 and 30,000 Evli shares under the share-based incentive scheme established in 2019.

*******30,000 Evli shares allocated under the share-based incentive scheme established in 2019.

********Member of the Executive Group since April 1, 2019. 4,667 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.

work of the Executive Group focused strongly on three themes in line with the company's strategy: increasing customer base both domestically and internationally, expanding the product offering and enhancing of operations through system upgrades. In particular, new products and preparations for their issue and management as well as sales required the Executive Group's attention. In the second quarter of the year Evli launched a new private equity fund business following the completion of the acquisition of Ab Kelonia Placering Oy. This was highlighted on the Executive Group's agenda during the quarter. Evli is currently working on a considerable project portfolio filled with various projects to improve efficiency. Many of the projects will have a decisive impact on Evli's core processes and operating methods upon completion. Therefore, the Executive Group thoroughly followed the project portfolio development in 2019.

In the autumn, organizational changes and changes in operating methods rose on the Executive Group's agenda. The background to the changes were the completion of system updates made by the company. Evli decided to start co-operation negotiations in early autumn, which resulted in the reorganization of the Group's administration and support functions. In this context, numerous processes were developed and modified, and work continued well into the end of the year. In terms of processes, the outsourcing of custody activities was also developed at the Executive Group level.

In addition to administrative and strategic work, the members of the Executive Group strived to spend time with customers and other stakeholders, actively participating in sales activities.

Risk management and internal control

Evli's values and its policy of transparent and appropriate communications support the company's operational integrity and high ethical standards. The company's organizational structure, clearly established responsibilities and authorizations, and its competent employees support the planning, execution, control and monitoring of business operations in a manner that facilitates the achievement of set objectives.

Risk management refers to actions aimed at systematically surveying, identifying, analyzing and preventing risks. The objective of risk management is to:

- ensure the sufficiency of own assets in relation to risk positions ensure that fluctuations in financial results and valuations remain within the confirmed objectives and limits
- price risks correctly to achieve sustainable profitability
- support the uninterrupted implementation of the Group's strategy and income generation.

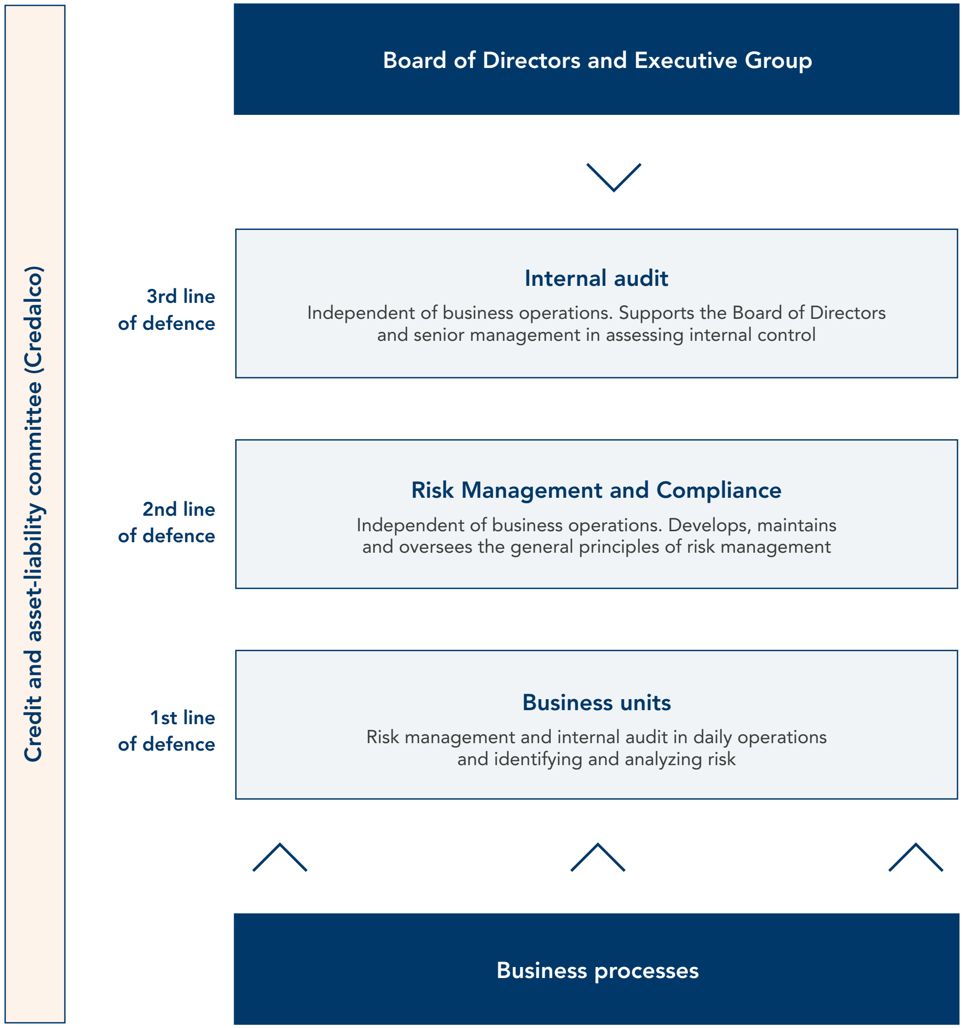
Evli Bank defines risk as an event or series of events that jeopardize the company's income generation over the short or long term.

Evli Bank's Board of Directors is primarily responsible for Evli Group's risk management. The Board of Directors confirms the risk management policies, responsibilities, the Group's risk limits and other general guidelines governing how risk management and internal control is to be organized. The Board has also set up a credit and asset-liability committee (Credalco), that briefs it on risk-taking matters.

In addition to the general risk management policies, Evli Group's risk management is founded on the "three lines of defense" model.

First line of defense – business units

Risk management is a part of internal control, and therefore the responsibility for executing risk management measures lies first with the business units, as the first line of defense. The



managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit. The task of business units is to:

- build the processes and competence for risk management and internal audit
- identify and analyze risks
- make decisions on risk management by means of various protection measures.

Second line of defense – Risk Control and Compliance

The second line of defense comprises the independent Risk Control and Compliance functions whose primary tasks are to develop, maintain and oversee the general principles and framework of risk management.

The Risk Control function oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk-taking policies and guidelines. Risk Control reports on the Evli Group's overall risk position to the Board and the Executive Group each month.

The Compliance function is responsible for ensuring compliance with the rules in all of the Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules in accordance with the separate compliance policy and monitoring plan confirmed by Evli Bank's Board of Directors. The Compliance function reports regularly via the audit committee to Evli Bank's Board and also to the operating management.

Third line of defense – Internal audit

The third line of defense is Internal audit. The Internal audit is a support function for the Board of Directors and senior management that is independent of the business functions. It is administratively subordinate to the CEO and reports to the CEO and, via the Audit Committee, to the Board of Evli Bank.

The internal audit assesses the functioning of the Evli Group's internal control system, the appropriateness and efficiency of the functions and compliance with instructions. It does this by means of inspections that are based on the internal audit action plan adopted annually by the Audit Committee of the Board of Evli Bank.

Internal audit follows not only the internal audit guidelines, but also the internationally acknowledged framework of professional practices (The Institute of Internal Auditors) and corresponding guidelines on information systems audit standards (The Information Systems Audit and Control Association).

Audit

The shareholders elect the company's auditors each year at the AGM. The auditors must be an auditing firm approved by the Finland Chamber of Commerce. The auditors' term continues until the end of the first AGM that follows the election of the auditors. The auditors' duties are to ensure that the financial statements have been prepared in accordance with the applicable statutes and provide a true and fair view of the company's financial position and performance and other necessary information for the company's stakeholders.

As part of their annual audit duties, the auditors of Evli Bank Plc audit the accounts and administration of the separate companies. The internal audit requirements are taken into account in the auditors' audit plans. Each year, the auditors submit their report to the AGM of Evli Bank Plc. The auditors also report the main points of the annual audit plan to the Board of Directors and to the Board's Audit Committee as well as presenting, in connection with each interim report and the financial statements, a written audit report covering the entire Group.

The AGM held on March 12, 2019, elected PricewaterhouseCoopers Oy, an auditing firm, as the auditor, with Jukka Paunonen, Authorized Public Accountant, as the principally responsible auditor. PricewaterhouseCoopers Oy generally serves as the auditor for all the subsidiaries, with the exception of Terra Nova Ltd. Terra Nova's auditor is RSM Dahman Auditors.

In 2019, the auditing firms were paid fees totaling EUR 390,727.58. The fees for auditing came to EUR 219,127.94, and the fees for services unconnected with auditing were EUR 171,599.64. Other fees consist mainly of tax and legal advisory services.

Insider management

Evli Bank Plc has a guideline on insider rules and regulations that is approved by its Board of Directors and is based on the Market Abuse Regulation (MAR), Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies, as well as other relevant regulations and directives. Evli Group companies that are registered outside of Finland shall comply not only with these guidelines, but also with the national legislation and official regulations of the country where the company is located. The guideline on insider rules and regulations is distributed to all persons engaged in an employment or service relationship with the Group. The persons defined in the guideline on insider rules and regulations shall comply with the restrictions regarding the use of insider information and trading, for example the closed window period.

Evli Bank maintains a register of permanent insiders, which includes members of the Board of Directors and Executive Group. Evli Bank also maintains registers of project-specific and transaction-specific insiders that are required at any given time. The insider registers are maintained in the Ticker-system and Euroclear Finland Ltd's SIRE system.

Evli Bank has also specified that members of the Board of Directors and Executive Group and their related parties are required to disclose their business transactions with Evli Bank Plc's shares and other financial instruments based on these. The register of persons subject to the disclosure requirement is maintained in the Euroclear Finland Ltd's SIRE system.

Evli Bank Plc's insiders may not trade in securities issued by the company for 30 days before the publication of an interim report or the financial statements bulletin. Evli also applies a similar 30-day trading restriction to Evli Group's employees who participate in the preparation or publication of the interim report and financial statements and who become aware of unpublished financial information at Group level. The person in charge of insider issues at Evli Bank Plc is the company's Head of Legal Affairs.

Evli evaluates and monitors related party transactions between the company and its related parties. Evli maintains a list of related parties. Evli's related parties comprise its subsidiaries as well as the Board of Directors, the CEO, the Executive Group including any companies controlled or significantly influenced by them. Evli's financial management monitors and reports related party transactions as part of the company's normal reporting and control practices. Related party transactions which are not considered normal business activities are decided by the Board of Directors. Evli reports relevant and material related party transactions annually in the notes of the consolidated financial statements

Financial reporting

The Board of Directors is responsible for overseeing the Evli Group's financial reporting. The Audit Committee assists the Board in this work. The CEO's and CFO's task is to monitor and ensure that the accounting and the financial reporting accord with the law, the Group's accounting policies and the guidelines and orders issued by the Group's Board of Directors.

The Group's accounting and results reporting are centralized under the responsibility of the Group's Financial Administration unit. The Financial Administration unit is subordinate to the CFO and is responsible for producing on a centralized basis the financial statements information required for external accounting. The unit also produces internal accounting analyses and the results reports for monitoring business activities, the separate companies and the Group's profitability. Profit performance is reported monthly both to the Executive Group and the Board of Directors in the form of specific results reports. The aim is to identify and demonstrate success factors as well as development areas well in advance, thus making it possible to react to these. Reporting practices are also used for monitoring the implementation of the business plans for the business units. The Group's Financial Administration unit is also responsible for monitoring and reporting on the performance of each business unit. Further responsibilities include reporting the financial results, sales and activity at least monthly, and even daily depending on the unit, to the Executive Group and other concerned parties.

Evli Group complies with the International Financial Reporting Standards (IFRS) approved for application in the EU. The Group prepares annual financial statements and also quarterly interim reports (IAS 34). The instructions on financial reporting and the accounting principles are applied in all the Group companies. The accounting of all the Group companies is included in the same accounting system, with the exception of Group company in the United Arab Emirates.

Remuneration policy

Introduction

This Evli Bank Plc's ("Evli" or "company") remuneration policy describes the general principles and the framework concerning the remuneration of the Board of Directors and the CEO. Policies regarding the CEO also apply to a potential Deputy CEO. Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The objective of the Evli Group's remuneration model is to support the implementation of the company's strategy and to promote the company's competitiveness and long-term financial success. A further aim is to contribute to a positive trend in shareholder value, committing Evli's Board of Directors and CEO to the company's objectives in the long run.

Evli complies with the Securities Market Association's Corporate Governance Code. This remuneration policy has been prepared in accordance with Corporate Governance Code 2020. Evli's remuneration policy is presented at Evli's Annual General Meeting (AGM) at least every four years and whenever significant changes are proposed. The Remuneration Report is presented annually (starting from 2021) at Evli's AGM.

In all remuneration, Evli complies with applicable financial regulations. This Remuneration Policy has been prepared taking into account applicable regulations and Evli Group's overall remuneration model for all employees. The remuneration policy must comply with the remuneration principles applicable to all Evli employees.

The Group's remuneration model consists of the following elements:

- a competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions
- a variable remuneration in accordance with the annual remuneration plan approved by the Board of Directors to promote both Evli's short-term growth objectives and the attainment of its strategic targets
- long-term incentive programs to support the company's strategic development and to commit key employees to the company's business operations.

In accordance with the remuneration principles the variable bonus may not exceed 100 percent of the annual fixed salary. Correspondingly the variable remuneration and the long-term incentives may not exceed 200 percent of the annual fixed salary.

Decision-making relating to remuneration

The Remuneration Policy is prepared by the Board's Compensation Committee and approved by the Board for presentation to the General Meeting. Compliance with and the performance and outcomes of the remuneration model are monitored by the Compensation Committee appointed by the Board of Directors, and by the Board of Directors. The Company's internal audit function conducts an annual audit of remuneration.

Remuneration of members of the Evli Group's bodies is always decided by the body that has appointed them.

Evli's AGM decides on the compensations payable to the members of the Board of Directors. The company's major shareholders are responsible for preparing the remuneration proposal. The principles and elements of the remuneration of the CEO and any Deputy CEO are approved by Evli's Board of Directors in accordance with this Remuneration Policy. The Compensation Committee, appointed by the Board of Directors, prepares proposals on matters related to remuneration for decision-making by the Board. All changes to the CEO's salary and remuneration or executive contract are made by the Board of Directors on a proposal by the Compensation Committee in accordance with the Remuneration Policy.

Remuneration of the Board of Directors

In general, the remuneration of the Board of Directors is decided by the General Meeting based on a proposal by the major shareholders. The decision on the remuneration of the members of the Board of Directors shall be based on the Remuneration Policy presented to the AGM and which is in force.

The remuneration of the members of the Board of Directors consists of a fixed monthly compensation and possible compensation for meeting attendance. The Chairman of the Board of Directors and the chairmen of the committees appointed by the Board of Directors may be paid an increased compensation.

In situations in which a member of the Board of Directors participates in project-based activities to develop the company's operations outside the work carried out by the Board of Directors, separate compensation may be paid for such work at the Board's discretion. In addition to the monthly compensation and compensation for meetings, the members of the Board of Directors are compensated for their travel expenses. In principle, the Board of Directors' compensation and allowance are paid in cash.

Remuneration of the CEO

The Board of Directors of Evli Group adopts the principles and elements of the CEO's remuneration on an annual basis in line with the Remuneration Policy in force. All changes to the CEO's salary and remuneration are subject to approval by the Board of Directors. The CEO's remuneration comprises, in principle, of a fixed salary, variable remuneration, and long-term incentives and commitment programs. In addition, the CEO may be granted a separate, reasonable retirement plan or other benefits to ensure that a competent CEO is committed to the company's development.

The amount of the CEO's variable remuneration and the relative proportion to his fixed salary are within the limits set by financial regulations. The CEO's variable remuneration shall not exceed 100 percent of the CEO's annual fixed salary. Correspondingly the variable remuneration and the long-term incentives may not exceed 200 percent of the CEO's annual fixed salary. The variable bonus is linked to the company's financial success and the achievement of its strategic goals. If deemed pertinent, the company may, by a decision of the Board of Directors, decide not to pay the variable bonus, in whole or in part. The Board decides on the long-term incentive and commitment systems for the CEO on a case-by-case basis.

ELEMENTS OF THE REMUNERATION	PURPOSE AND LINK TO STRATEGY	DESCRIPTION
Fixed salaries	The aim is to recruit and commit high-quality experts to implement the company's strategy.	Base salary includes taxable fringe benefits (for example mobile phone). When evaluating the base salary level, a variety of factors can be taken into account, such as market conditions, competitiveness, past performance and individual skills, as well as experience in the company and in business management. The base salary is, in principle, reviewed annually.
Short-term incentives (STI)	The purpose is to encourage and guide in achieving short-term financial and operational goals.	The short-term incentive scheme is based on one-year performance criteria. Rewards are paid in cash after the end of the performance period, based on the achievement of the targets. The maximum payout for the annual incentive is capped. Short-term incentives are tied to the company's financial success, adherence to policies and guidelines, and ensuring solvency. The annual short-term incentive may not exceed 100 percent of a person's annual fixed salary.
Long-term incentives (LTI)	The purpose is to encourage to long-term shareholder value growth and commitment to the company.	The Board of Directors decides on long-term incentives within the limits set by the Annual General Meeting. Long-term incentive programs generally include a minimum three-year earning period. The Board of Directors sets the targets, indicators and their weightings that may be the basis for the incentives. Long-term incentive programs can also be purely engagement programs if they are considered to support the execution of the company's long-term strategy. At the end of the earning period, the Board of Directors can evaluate the award criteria to determine the final payment level. The annual short- and long-term incentives may not exceed 200 percent of a person's annual fixed salary.
Pension	The purpose is to provide a pension in accordance with local market practices.	Retirement age and any supplementary pension arrangements provided are decided by the Board of Directors in line with market practices.
Share ownership	The purpose is to ensure strong alignment between the interests of the CEO and the shareholders in the longer term.	The Board decides on the long-term target share ownership for the CEO.

In certain circumstances, the company is obliged to defer payment of the variable bonus. In such a case, the company will defer payment of the variable bonus in accordance with the regulations set by the financial market. The amount of the bonus payable after the deferral depends on the financial performance of the company during the deferral period and may even be zero. The company expects that the CEO will not hedge with his/her personal actions against any risk related to the amount or timing of future variable remuneration.

In certain circumstances, the company may also reclaim a variable bonus already paid. The company shall also always have the right to reclaim a variable bonus already paid if, after such payment, it becomes apparent that the person receiving the bonus has endangered the financial position of the company, violated the company's operating principles and practices, or contributed to such conduct through neglect.

The CEO has a notice period consistent with current market practices. Similarly, in cases where the CEO's contract is terminated by the company, he/she is entitled to severance pay in accordance with prevailing market practices.

The above matters concerning the CEO also apply to a potential Deputy CEO.

Conditions for temporary deviation

Remuneration of the company's bodies must, in general, be based on the remuneration policy approved by the General Meeting. Deviations from the policy's principles can only be made if the achievement of the company's long-term goals and strategy is otherwise judged to be at risk. The option to temporarily deviate from the remuneration policy of the bodies is intended to apply only in exceptional circumstances in which the core operating circumstances of a listed company have, after the General Meeting's consideration of the bodies' Remuneration policy, changed as a result of a change of CEO or a merger or an acquisition proposal and the existing remuneration policy is no longer appropriate in the changed circumstances.

If the deviation from the Remuneration policy is expected to continue other than on a temporary basis, the company shall draw up a new Remuneration policy, which will be discussed at the next AGM. Because of the provisions regarding the notice to the AGM and the availability of the meeting materials there may be insufficient time to submit a new Remuneration policy to the next AGM if the need for deviation arises close to the time of the meeting. In such a case, the Remuneration policy shall be submitted to the General Meeting for which it can be appropriately prepared. If the temporary deviation from the Remuneration policy concerns the remuneration of a new CEO or is due to corporate restructuring or similar exceptional circumstances, the new remuneration terms will apply as agreed regardless of the duration of the temporary deviation.

Deviations from the policies and principles of the policy are documented and reported to the Board of Directors and as part of the remuneration report at the AGM.

Remuneration report

Complies with the Securities Market Association's Corporate Governance Code 2015

Board of Directors

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The Annual General Meeting of March 12, 2019 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

- Chairman of the board EUR 7,500 per month
- Chairmen of the committees EUR 6,000 per month
- Members EUR 5,000 per month.

The Board has established and appointed an Audit Committee and a Compensation Committee to prepare matters to be handled by the Board. In 2019, the total compensation paid to the Evli Group Board members amounted to EUR 399,000. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2019, the Board members did not receive any shares or share-based rights as compensation for their work. Presentation of the Board members on page 143

CEO

The Board of Evli Group adopts the principles and elements of the remunerations for the CEO and Executive Group on an annual basis. All changes in the CEO's salary and remuneration are subject to the Board's approval.

Evli's CEO in 2019 was Maunu Lehtimäki. The CEO was paid EUR 381,840 in salary and fringe benefits, performance bonuses amounting to EUR 49,000 and a supplementary pension of EUR 57,276, totaling EUR 488,116. In addition, the CEO subscribed to the 212,500 shares granted to him in the Option-program 2014. The total value of the subscription was EUR 1,810,500 based on the closing price on the subscription day.

The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. The CEO was issued 40,000 stock options 2016 and 50,000 Evli shares as part of the share-based incentive plan established in 2019. The CEO is covered by a six-month period of notice binding to both parties. The CEO is entitled to receive a severance pay corresponding to the salary of 12 months if the CEO´s contract is terminated by the company.

Executive Group

The Board of Evli Group adopts the principles and elements of the remunerations for the Executive Group on an annual basis. In addition to the CEO, there were six members in the Executive Group in 2019.

Presentation of the members of the Executive Group on page 144.

In 2019 the company's Executive Group members' salaries and remunerations, including fringe benefits – the CEO salary and remunerations excluded – amounted to a total of EUR 1,219,712. The members of the Executive Group have no significant separate fringe benefits and are covered by the shared Evli Group reward system. The Executive Group members were issued 35,000 stock options 2016, 27,600 Evli shares as part of the share-based incentive plan established in 2017, 14,001 Evli shares as part of the share-based incentive plan established in 2018 and 140,000 Evli shares as part of the share-based incentive plan established in 2019. The pension liability of the Executive Group has been arranged through statutory pension insurance policies.

COMPENSATION PAID TO THE MEMBERS OF THE BOARD, €	2019
Henrik Andersin, Chairman of the Board	90,000
Fredrik Hacklin, member of the Board of Directors starting March 12, 3019	45,000
Sari Helander, member of the Board of Directors starting March 12, 3019	45,000
Robert Ingman	60,000
Teuvo Salminen, Chairman of the Audit Committee	72,000
Johanna Lamminen, member of the Board of Directors until March 12, 2019	15,000
Mikael Lilius, Vice Chairman of the Board, Chairman of the Compensation Committee	72,000
Total	**399,000**

CEO, €	2019
Salary and fringe benefits	381,840
Performance bonuses	49,000
Supplementary pension	57,276
Total	**488,116**
Execute of Option-program	1,810,500

MEMBERS OF THE EXECUTIVE GROUP, €	2019
Salary and fringe benefits	1,009,293
Performance bonuses	282,419
Total	**1,219,712**

Board of Directors

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 12, 2019.

Shareholdings on December 31, 2019

Henrik Andersin, born 1960
M.Sc. (Econ.)

- One of Evli Bank's founding partners and main owners
- Oy Scripo Ab, investor in small size venture companies
- Chairman of the Board of Directors of Nokian Panimo Oy
- Member of the Board of Directors of Evli Bank Plc since 1985, CEO of Evli Bank Plc 1994-2006 and Chairman of the Board since 2006
- Shareholding: Holdings through controlled company 3,803,280 A shares and 950,820 B shares

Fredrik Hacklin, born 1978
Ph.D. (Management), M.Sc. (Engineering)

- Professor of Entrepreneurship at Vlerick Business School, associate professor at ETH Zurich
- Previous positions at Booz Allen Hamilton, Harvard University, Ericsson
- Advised multinationals and governments on entrepreneurship, strategy and technology management
- Member of the Board of Directors of Evli Bank Plc since 2019

Sari Helander, born 1967
M.Sc. (Econ.)

- Chief Executive Officer at Greenstep Oy
- Previously served as Senior Vice President (Logistics Solution) at Posti Group Corporation. Before this CFO for Posti Group Corporation and Vice President, Business Reporting & Control Nokia Corporation
- Member of the Supervisory Board of LocalTapiola General Mutual Insurance Company
- Member of the Board of Directors of Evli Bank Plc since 2019
- Shareholding: 1,800 B shares

Robert Ingman, born 1961
M.Sc. (Tech.), M.Sc.
(Econ. and Business Administration)

- Chairman of the Boards of Directors of Ingman Group Oy Ab, Ingman Finance Oy Ab, Ingman Development Oy Ab, Digia Oyj, Etteplan Oy, Halti Oy, M-Brain Oy and Qt Group Ltd
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 1,860,000 A shares and 602,000 B shares*

*Includes holdings of Ingman Group Oy Ab

Mikael Lilius, born 1949
B.Sc. (Econ. and Business Administration)

- Previously served as a Senior Advisor at Fortum Corporation. President and CEO of Fortum Corporation 2000-2009, and before this held various supervisory positions in the industry sector
- Chairman of the Boards of Directors of Metso Oyj, Wärtsilä Oyj and Ahlström Capital Oy
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 38,480 B shares

Teuvo Salminen, born 1954
M.Sc. (Econ. and Business Administration)

- Various supervisory positions in Pöyry Plc 1985-2009
- Chairman of the Board of Directors of Glaston Oyj and T2H Oy, Member of the Boards of Directors of Cargotec Oyj and 3Step It Group Oy
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 50,000 B shares

Executive Group

Shareholdings on December 31, 2019.

Maunu Lehtimäki, born 1967
M.Sc. (Econ.)

- Chief Executive Officer
- Joined Evli Bank Plc in 1996
- Shareholding: 533,728 A shares and 155,932 B shares

Mari Etholén, born 1973
LLM

- Legal and human resources functions
- Joined Evli Bank Plc in 2001
- Shareholding: 60,000 A shares and 16,306 B shares

Panu Jousimies, born 1969
M.Sc. (Econ.)

- Execution and Operations unit
- Joined Evli Bank Plc in 1997
- Shareholding: 59,691 A shares and 114,249 B hares

Juho Mikola, born 1981
M.Sc. (Econ.)

- Financial and Group administration, Deputy CEO
- Joined Evli Bank Plc in 2004
- Shareholding: 68,000 A shares and 17,219 B shares

Esa Pensala, born 1974
M.Sc. (Tech.)

- Private clients
- Joined Evli Bank Plc in 2001
- Shareholding: 142,000 A shares and 35,500 B shares

Kim Pessala, born 1969
M.Sc. (Econ.)

- Institutional clients
- Joined Evli Bank Plc in 1995
- Shareholding: 12,331 A shares and 120,331 B shares

Mikael Thunved, born 1965
B.Sc. (Econ.)

- Corporate Finance business area
- Joined Evli Bank Plc in 2002
- Shareholding: Holdings through controlled company 140,000 B shares

Evli Pankki_WM (in Finnish)
Evli Research (in Finnish)
Evli Fund Management Company (in English)

Evli - Sijoittajan Pankki (in Finnish)
Evli Fund Management Company (in English)
Evli Research (in Finnish)

Evli Bank Plc (in Finnish)
Evli Fund Management Company (in English)

www.evli.com

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Evli Bank Plc I Aleksanterinkatu 19 A I P.O. Box 1081 I FI-00101 Helsinki, Finland I Tel. +358 (0)9 476 690 I www.evli.com